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S. Hrg. 103–523

IMPACT OF THE PROPOSED 1995 FEDERAL TRANSIT ADMINISTRATION'S BUDGET

RING

E THE

SUBCOMMITTEE ON
HOUSING AND URBAN AFFAIRS

OF THE

COMMITTEE ON
BANKING, HOUSING, AND URBAN AFFAIRS
UNITED STATES SENATE

ONE HUNDRED THIRD CONGRESS

SECOND SESSION

ON

THE ISSUES RAISED BY THE PRESIDENT'S 1995 BUDGET FOR TRANSIT. THE TOTAL PROPOSED 1995 BUDGET IS 4 PERCENT GREATER THAN THE 1994 FTA APPROPRIATION. HOWEVER, THE ADMINISTRATION HAS INCLUDED SIGNIFICANT REDUCTIONS IN OPERATING ASSISTANCE AND SECTION 3 NEW STARTS PROGRAMS

MARCH 23, 1994

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IMPACT OF THE PROPOSED 1995 FEDERAL TRANSIT ADMINISTRATION'S BUDGET

WEDNESDAY, MARCH 23, 1994

U.S. SENATE,
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS,
SUBCOMMITTEE ON HOUSING AND URBAN AFFAIRS,
Washington, DC.

The Subcommittee met in room 538, of the Dirksen Senate Office Building at 10:15 a.m., Senator Paul S. Sarbanes, presiding.

OPENING STATEMENT OF SENATOR PAUL S. SARBANES

Senator SARBANES. The Subcommittee will come to order.

Welcome, everyone, to this hearing on the proposed 1995 Federal Transit Administration's Budget and the impact it will have on transit authorities and communities across the country.

This hearing, in a sense, follows up on the one we held last Spring which focused on transit needs and benefits. At that time we heard testimony on the implementation of the Intermodal Surface Transportation Act, ISTEA, 1 year after its enactment and we explored transit's contribution to the environment, the economy, the liveability of our communities, and defense conversion and technology advancement programs.

Today, we want to focus on the issues raised by the President's budget submitted to the Congress. The budget is 4 percent larger than the 1994 FTA appropriation. However, it encompasses significant reductions in operating assistance in section 3 New Start Programs while increasing resources with respect to capital budgets.

We obviously like to see an increase in funding for transit. I think it is an undernourished activity, very frankly, but until the programs authorized by ISTEA reach full funding levels, we have to be very concerned about a balanced apportionment of resources between capital and operating programs.

There was a rumor, actually, toward the end of last year that operating assistance would be totally eliminated. Confronted with such a drastic rumor—I was going to say "proposal" but I am not quite sure what status it reached—I wrote to the President in December and followed that up with a personal conversation with him about the importance of mass transit. In the end, of course, operating assistance was not eliminated, but there is a 25 percent cut in the budget submitted by the Administration.

We are trying to address that in the Congress here and in the Budget Committee, from which we have just reported out our Budget Resolution and hopefully through the appropriations process.

We are going to have today two very good panels.

We are pleased, of course, that we are going to lead off with the Administrator of the Federal Transit Administration who moved into FTA in a very positive and forthright way, and we are very pleased to see that.

Gordon Linton has had an abundant background in public policy and transportation. He was, in a sense, "Mr. Transportation" in his State of Pennsylvania in the Pennsylvania Legislature. He was a member of SEPTA, a director for the South Eastern Pennsylvania Transportation Authority.

He obviously has great knowledge and understanding of transit programs and issues. I do think he has done fine work since he has been in the job, including the work they moved very quickly to do at the time of the Los Angeles earthquakes. A rather dramatic demonstration of the importance and the advantages of mass transportaion, although I gather they are lapsing back into their old ways out there, or so they tell me, and you might want to touch on that, Mr. Administrator.

We are very pleased to have you before us today. Of course, we will follow the Administrator with a panel, a very balanced panel.

We have the Administrator of the Maryland Mass Transit Administration, the Director of the Transportation Division of the Missouri Highway and Transportation Department, the General Manager of the Metropolitan Atlanta Rapid Transit Authority, and James La Sala, the International President of the Amalgamated Transit Union.

With that by way of openings, and my apologies—I got held up in the Capitol at a meeting this morning and could not get over here earlier, but we would now be happy to hear from you. Please go ahead.

STATEMENT OF GORDON J. LINTON, ADMINISTRATOR, FEDERAL TRANSIT ADMINISTRATION, DEPARTMENT OF TRANSPORTATION, WASHINGTON, DC; ACCOMPANIED BY ROBERT McMANN, ASSOCIATE ADMINISTRATOR FOR GRANTS MANAGEMENT

Mr. LINTON. Thank you very much, Mr. Chairman.

I'm happy once again to appear before you and your Committee. I also have with me several members of my staff. If, in fact, there are some questions or additional information that you may need during the course of this hearing, my staff is prepared to join me if any of those questions are ones that I need additional information for.

Senator SARBANES. Why don't you take a moment and introduce them. We'll bring them out of the shadows an anonymity.

[Laughter.]

Mr. LINTON. The room is probably full, Mr. Chairman. I might be here all day.

Senator SARBANES. Oh, well, all right. I didn't know you brought everybody.

Mr. LINTON. No, we didn't bring everybody. You've seen my FTE's.

Mr. Chairman, as you know, I am Gordon Linton, Administrator of the Federal Transit Administration. I am very happy to appear

before you today to discuss the President's fiscal year budget for 1995, as it relates to transit.

At the outset, Mr. Chairman, let me note that we are seeing increasing recognition of the key role the Federal Transit Program plays in transportation policies, and we believe much of this derives from the landmark 1991 Intermodal Surface Transportation Efficiency Act (ISTEA) that we're now proudly implementing.

We appreciate the major role, Mr. Chairman, that you and all the Members of this Committee played in drafting the transit portions of ISTEA, and we look forward to working with you and the other Members of your Committee as we continue to implement its provisions.

Senator SARBANES. I recollect that we were doing the mass transit part of the conference report at 3 o'clock in the morning. I recall that very well.

Mr. LINTON. Unfortunately, I've had some prior experiences where I remember those 3 o'clock in the morning meetings as well, so I can relate to that.

Senator SARBANES. Well, if you're awake, you can get a lot done at that time.

[Laughter.]

Mr. LINTON. And also other people are asleep and you can get a lot done.

Senator SARBANES. That's right. It helps a lot if the others are asleep.

Mr. LINTON. The fiscal year 1995 budget proposal is the third budget submitted to Congress since the enactment of ISTEA. We're pleased to report that it represents the largest transit budget ever proposed to Congress, $4.8 billion.

Under the President's budget request, each transit system in the country will receive more Federal money than it did last year.

We have fulfilled our promise to fully fund our formula grants at the ISTEA authorized level, and are requesting an increase of 19 percent in Federal formula funds over last year for a total of $2.9 billion. These funds are used by communities largely to maintain or expand existing bus and rail systems, and to help comply with the Clean Air Act, the Americans with Disabilities Act, and other statutory requirements.

In our letter, Mr. Chairman, you asked us to address four facets of the Federal Transit Program: Operating Assistance, New Starts, Transit's Role in Community Development, and our Proposals to Enhance Transit's Role in Our Communities. I will address each of those issues in turn.

While we are requesting the largest budget in the history of the transit program, much attention has been focused on the proposed $202 million reduction in operating assistance from $802 million to $600 million. In trying to meet the spending targets for fiscal year 1995, Mr. Chairman, we had to make some very tough choices. In short, we are proposing to put more of the Federal dollars into capital investment because we think it's a more strategic investment.

At present, the average age of the American transit bus fleet is 8.2 years, when it should be no more than 6 years. Similarly, the average of our rail rolling stock is 17 years when it should be 12 years. While the average age of both fleets has risen in the past

few years, clearly additional capital investment in transit is still needed. Newer vehicles are more efficient in several ways. They reduce maintenance costs, consume less fuel, and present a more attractive transportation alternative, thereby attracting riders.

I know that it will not be easy for our transit authorities to adjust to a reduction in Federal operating assistance, but the current economic climate presents a real opportunity to do so with less disruption. Interest rates are down, allowing transit authorities to refinance their debt at significant savings, inflation is down, and fuel prices are relatively low. With the economy growing, transit revenues should increase.

New Starts—Our first priority, Mr. Chairman, is to fully fund the Formula Grants Program. Not only does every area of the country receive a pro rata share of such programs, but formula funds may be used for a great variety of activities, and grantees are free to decide how to use those funds, for bus, for rail, or other capital facilities.

Consistent with our policy to emphasize rehabilitation, we propose funding the Fixed Guideway Modernization and Bus categories at about the fiscal year 1994 levels. The $400 million remaining for New Starts, while a reduction from fiscal year 1994, will allow us to meet all five of our current commitments under Full Funding Grant Agreements. We will continue to work with other transit authorities that have projects in the pipeline to move them toward Full Funding Grant Agreements.

There are other capital resources as well, Mr. Chairman. From the perspective of the transit program, undoubtedly the most significant and innovative change mandated by ISTEA is what we call the "flexible funding" provision, the portions of the Federal Highway and Transit Programs that have been freed up to allow decisionmakers at the State or local level to decide for themselves whether to allocate the funds to highway or transit projects.

This flexibility at the local level has begun to change profoundly the way in which transportation decisions are made across the country. As State and local officials attempt to balance the competing needs and demands of clean air, congestion mitigation, the Americans with Disabilities Act, and the comprehensive Energy Policy Act of 1992, the flexible funding provisions provide resources to stimulate transportation solutions, not just highway or transit projects.

Specifically, Congress, in ISTEA, provides a potential $70 billion in flexible funding over 6 years for transit or highway projects. We note, Mr. Chairman, that in fiscal year 1992, approximately $300 million was transferred for transit use. In fiscal year 1993, approximately $470 million has been transferred, and approximately $200 million has been transferred this year. And we would think at this rate, Mr. Chairman, that approximately $500 million would have been transferred at the end of this fiscal year. In total, this represents close to $1 billion to date in additional capital funds for the transit program.

Mr. Chairman, you also asked the importance of transit to communities and how the Administration intends to address those needs. These questions are considered in detail in our report submitted to Congress last year on "The Status of the Nation's High-

ways, Bridges and Transit: Conditions and Performance." We will be submitting this year's report in June.

This report emphasizes that increases in highway capacity cannot keep pace with the increase in travel demand, especially in the urban areas. In fact, FHWA reports that 83,000 lane-miles of urban highway capacity cannot be built over the next 20 years because of various constraints on new highway construction.

Well-chosen transportation investments can play a major role in meeting a portion of the 627 billion passenger miles in annual unmet travel demand. The increased capital investment in mass transit reflected in this budget lays the foundation for meeting that challenge.

FTA strives to harmonize transportation investment and environmental concerns. The percentage of urban interstate travel that is congested during the daily peak hour increased from 55.4 percent in 1983 to 70.2 percent in 1991. Congestion in the Nation's 50 largest urban areas now costs more than $39 billion annually in lost productivity and fuel costs.

Over the next 20 years, we must improve public transportation if we are to meet the travel needs of all Americans, particularly those residing and working in congested areas. Research on travel needs shows that we cannot meet these needs solely by building roads. In congested travel corridors, we must make transit a more effective alternative to driving a car. This means, in essence, increased capital investment.

By increasing the amount of Federal capital assistance, transit agencies will be able to modernize their equipment, provide more dependable transit service by replacing older vehicles more quickly, and operate more efficiently by making timely repairs to older facilities and equipment.

Not only is an increase in capital assistance needed for cities, it is also critical for the environment. Modern buses are manufactured to meet the newer, stricter clean air standards, another top priority with the President, the Congress, and the Nation.

And increased capital assistance is necessary for the transit rider, our customers. For transit agencies to provide service to persons with disabilities, a transit agency needs accessible buses, stations, and rail cars, which once again, Mr. Chairman, means capital expenditures. Moreover, new stations, buses, and rail cars are likely to attract new riders, new customers.

Mr. Chairman, you also asked what specific proposals would we suggest to ensure that transit is an integral part of community and economic development.

You made reference, Mr. Chairman, to the earthquake in Los Angeles. The earthquake in Los Angeles dramatically illustrated to me, the Secretary, and I'm sure the Nation, how critical a role transit can play. Overnight, ridership on the Metrolink commuter rail increased from 13,000 riders to 33,000 riders per day. This vividly illustrates the importance of transit and highlights the inherent shortcomings of a region relying exclusively on a single mode of transportation.

Our budget request for 1995 proposes a new livable communities initiative to be funded within section 3 Discretionary Grants Programs. For those who lack access to an automobile, are unable to

drive, or simply do not want to drive, options become more limited every day. Americans are now making more auto trips per day than ever before and the trips we're making are increasingly longer.

In part, this phenomenon is due to the way we design our cities and suburbs. Regional shopping malls are surrounded and isolated by acres of parking, typically do not have transit service, and lack sidewalks to adjacent housing and to roadways where transit might be available. Further, other shopping, health care facilities, and social services tend to locate along highway arterial that lack access for modes other than automobiles.

Such design, oriented only around the automobile, whether conscious or not, discourages access by bicyclists, pedestrians, and transit users. However, design concepts exist that can accommodate several transportation alternatives. Communities that are designed with a mix of employment, housing, and retail nearby, as well as within walking distance of transit stops, can increase the number of trips made by mass transit, bicycles, and walking, thereby decreasing our dependency on single occupant automobile.

Such modal shifts can decrease congestion, reduce air and noise pollution, and improve the general mobility of our population. Locating housing near transit can decrease the need for second or third vehicles.

We're, therefore, proposing to use $30 million as supplemental funding for transit projects that fully involve the neighborhood, provide access to such services as daycare facilities and convenience stores at the transit facilities, and encourage mixed use of neighborhoods that include residential, commercial, and office space. In short, the Livable Communities Initiative is designed to encourage land use, urban design, and planning that embraces transit use.

Mr. Chairman, let me conclude by emphasizing that the Clinton Administration is a strong supporter of mass transit as a vital component of our Nation's infrastructure, and the President's budget, which we're discussing today, amply demonstrates that.

We all recognize that we face tough decisions. Budget constraints force us to make tough decisions on operating assistance. This is a difficult time of our Nation, and all of us have been asked to make sacrifices. Short-term sacrifices that, in the long term, will make us a stronger Nation. Sacrifices that help to reduce the deficit that's choking our Nation and our ability to respond to the needs of our customers, the American citizen.

We have asked transit agencies to join us in the effort by making a small sacrifice in operating assistance and restructuring their budgets to accommodate a large investment in capital assistance.

We're asking them to do this at a time when fuel costs have dropped, inflation is low, and the cost of debt service is down, and the economy is picking up. Agencies can best restructure their budgets now by offsetting operating assistance with the major capital increase we have proposed, permitting America to rebuild its transportation infrastructure for the next century and making transit an attractive alternative to our congested highways.

Mr. Chairman, this concludes my formal written presentation. I stand ready, as always, to work with you and with the Members

of your Committee as partners in this process. And, Mr. Chairman, I also stand, ready and willing to answer any questions that you may have.

Senator SARBANES. Thank you very much, Mr. Administrator.

First let me ask you this question. If you fully funded what was authorized by ISTEA in the mass transit area, how much would that be? Would it be, I have $5,125,000,000. Would that be correct?

Mr. LINTON. That's probably correct, Mr. Chairman.

What we have fully funded is the formula grants. That does not reflect the full funding of all elements of the ISTEA.

Senator SARBANES. But if we were fully implementing the plan laid out in ISTEA in the authorizing legislation, you'd need a budget of $5,125,000,000, correct?

Mr. LINTON. That is correct, Mr. Chairman.

Senator SARBANES. Now, how much of that budget would be section 9 Operating Assistance?

If this is a fully funded program, fully funded at the authorized levels, how much of that would be for operating assistance?

Mr. LINTON. $802 million.

Senator SARBANES. That was last year's appropriation. Did you fund it at the fully authorized level last year? I don't think so. I have a figure of $1.1 billion. Would that be correct?

Mr. LINTON. Mr. Chairman, let me ask Bob McManus, who is the Associate Administrator for Grants Management, to join us at the table.

Senator SARBANES. By all means. I want to try to develop this.

Mr. MCMANUS. That's correct. The legislation——

Senator SARBANES. If we were implementing the plan laid out in the authorizing legislation fully—I understand the budget situation in which we find ourselves and that appropriations usually fall short of authorizations in any event—but there was a scheme sort of set out there, a scheme in the best sense of the word, I mean, a plan, and so of the $5.125 billion that was authorized for mass transit, $1.1 billion of that would have been for operating assistance. Is that correct?

Mr. MCMANUS. That's correct in this sense. Within the authorized amount for the section 9 program, the operating assistance, under the ISTEA, is allowed to escalate with inflation, and that would have the effect that you've described.

Senator SARBANES. Now, actually you're providing $4.8 billion in this budget as against an authorized level of $5.125, correct?

Mr. LINTON. That is correct, Mr. Chairman.

Senator SARBANES. But you're providing $600 million for operating assistance against an authorized level of $1.1 billion, correct?

Mr. LINTON. That is correct.

Senator SARBANES. So you've really shifted the plan, so to speak, in a rather marked way?

Mr. LINTON. What we have done, Mr. Chairman, is try to submit a budget that emphasizes capital investment.

Senator SARBANES. I understand that.

Now, let me ask you this question on that very point. According to CBO, the first year outlay rate for section 9 operating assistance is 60 percent. The first year outlay rate for the section 9 capital program is 5 percent. That leads to the question whether this shift-

ing that you're doing is motivated, either solely or almost entirely, by these outlay rates as opposed to being motivated by some broader view about how Federal transit assistance should be carried out.

Mr. LINTON. Let me respond to that, if you will, Mr. Chairman.

We have two specific issues that we're confronted with. One is the deficit reduction that requires, as you suggested, a response to the outlays. We also have the President's commitment to increase investment in the infrastructure.

Within the confines of the deficit reduction caps and the outlay ratios that you just alluded to, and putting together the budget to make the most strategic investment of the resources that we had available to accommodate both those deficit reduction caps, we try to make sure that we continue to make strategic investments.

Both of those were guidelines in determining the direction that we sought in submitting this budget.

Senator SARBANES. If you didn't have a budget situation, would you be making this shift, or would you be carrying out in effect the priorities that were in the Federal Transit Act?

Mr. LINTON. Mr. Chairman, it's been my commitment, and I think the commitment of the President, as well as the Secretary to fully fund ISTEA. That's something that we would want to do and we continue to move in that direction, but it's clear to me that we have to do so within the constraints of the Deficit Reduction Act.

Senator SARBANES. Well, I want to get at the basic attitude. Is there a basic attitude here that you want to get the Federal Government out of operating assistance and shift it into capital assistance? Is that where you want to go?

Mr. LINTON. Mr. Chairman, I think it's clear that if you look at what we provide, which is approximately 4 to 5 percent of the operating assistance to transit properties in this Nation.

The Federal role historically has been in the area of providing capital assistance. Even with the reduction that we are seeking here in operating assistance, that reduction represents an average of 1 percent of the operating costs of transit properties around the country.

The operating costs of transit systems around this country is approximately $20 billion, and our proposed reduction in operating assistance of $200 million represents approximately 1 percent of that.

Senator SARBANES. I thought that the Federal operating assistance was about 6 percent of the operating budgets. Is that not correct?

Mr. LINTON. The Federal percentage is about 6 percent, that's correct. What I'm suggesting is that the reductions that we're proposing represents 1 percent of that operating budget.

Senator SARBANES. Well, now the American Public Transit Association did a survey of their transit authorities, to determine the impact of this 25 percent cut in operating assistance. Here's what they say: Seventy percent of them say they would have to raise passenger fares.

What's the Transit Administration's view of the relationship between raising fares and ridership? What do your studies show you on that?

Mr. LINTON. I can speak not only from studies, Mr. Chairman, but from my own experience, that it's fairly clear that raising fares has created a cyclical problem in affecting increasing ridership. In fact, it has caused a decrease in ridership.

But I'm not suggesting, Mr. Chairman, that the reduction in operating assistance that we're proposing will necessarily have to result in an increase in fares or reduction in ridership.

I can speak directly from my own experience of serving on a transit board, a transit property, that was forced, because of escalating costs, to reduce $45 million from an operating budget of $600 million. We sought to do that through a number of efficiencies. And we were able to do that and accommodate that reduction without increasing the fares that we provided to our riders.

We're hoping, in this budget, by providing the capital infusion, we will begin to reduce the demands on maintenance costs, thereby reducing operating costs.

That we will fund the purchase of rail vehicles and buses that will also reap efficiencies that will reduce maintenance costs. Those are directly related to operating costs. And as a result of those efficiencies, we're hoping that transit properties will be able to make the adjustments.

In addition, we are only one of the players that participate in putting together the operating budgets of our transit properties around the country. There's also their local government, as well as their State government. And we're hoping that by providing an increase in capital assistance, transit properties will be able to work with their other partners to make some shifts so that there's a possibility that they can, in fact, make some tradeoffs with a reduction in capital requests from the other partners in return for additional support for operating funds.

Senator SARBANES. Well, except they're going to be confronted with the very problem that you're facing and you're just passing it on to them. They're going to confront immediately a significantly tightened budget, even if you're going to give them more help on the capital side, because the more help on the capital side comes later, not now, as I understand it, largely the reason you're doing what you did in the budget.

Now, we may try to turn that around here in the Congress but these authorities are telling us that they're going to raise fares, and every study shows if you take the fares up, ridership goes down, so you don't achieve your objective of getting people on the mass transit. They also, 83 percent of them, say they're going to reduce service. I mean, that's going to affect ridership clearly.

So it seems to me what the end result of this is going to be is you're going to start the transit systems in a downward direction. They're going to cut back on service, they're going to raise fares, the consequence of that will be to reduce ridership. The reduced ridership will then compound further their budget problems, which will leave them then to cut more service, raise the fares again, and you get into a downward vicious spiral, do you not?

Mr. LINTON. Mr. Chairman, I've——

Senator SARBANES. I mean, you were down at the local level so you had to see this coming at you. I know that in this town where you stand on an issue depends on where you sit. But let's sort of

shift your seat back to SEPTA and how you would perceive it from that vantage point.

Mr. LINTON. Absolutely, Mr. Chairman. This is where I sit. I think it's clear, and I tried to illustrate it by making reference to my prior experience. I bring that experience to this position, both the experience of sitting as former Vice Chair of an appropriations committee, having to deal with many demands on a constricted budget, and having to make tough decisions and tough choices.

And I bring that experience to the place where I sit as well. I also sat, as you alluded to earlier, on a board of a transit property, confronted with the dilemma that you just suggested—the concerns about raising fares, losing ridership, cutting service, and going down that long tunnel that doesn't seem to ever end because you get into this vicious cycle. But I also sat at that chair, as a member of the board of directors, and looked at other alternatives that, even with declining budgets, we took to avoid raising fares and to avoid cutting service.

We looked at efficiencies. We were able to get efficiencies from reductions in gasoline prices. We had diesel fuel at that time and we were able to enter into a contract based upon the low cost of diesel fuel and reap savings. We were able to work with our staff to find efficiencies within our operating budget to once again reduce operating costs.

We tried to go back to our budget, and we didn't have a lot of notice that those reductions were coming, but we tried to look within our budgets to make those tough decisions.

I'm facing——

Senator SARBANES. How much blood do you think is left in that turnip? I mean, they've been squeezed a long time and they've been squeezed pretty hard.

Let me ask you this. How much of the motivation to do this came from the desire to be able to say that this represents the largest transit budget ever proposed to the Congress?

In other words, you could have sent us a budget that kept the operating assistance at last year's level or near it, I mean, kept it up there, but then you would not have—to work out your allocations, you would have had to have less on the capital side. And therefore, when you added it all up, you would not have been able to make this statement. In fact, the overall budget might even have been a little less than last year's budget in order to sustain the operating side.

What you did is you took the operating side down. That gave you a nice advantage in the outlay rate that's enabled you then to jump the—you take a rapid outlay rate down and you take a slow outlay rate up, then you put it together and you say, well, now, we've got a bigger budget here.

But, of course, what's happening is you're going to have, at least as it's told to us, a very sharp impact on the operations of these transit authorities from the cuts in the operating systems.

Mr. LINTON. Mr. Chairman, in all honesty, as I said earlier, we do have to deal within the confines of the same deficit reduction caps that the Congress has to address. And we had to do it from a more narrow perspective. In trying to do that, it's clear that to have the same sort of reduction on the capital side to meet the out-

lay targets that we've done on the operating side, we would have had to reduce the capital side by $2.4 billion because of the outlay ratio. That is a concern and that is an issue.

But we also need to look across the board at what transit properties will be most affected in this reduction in operating assistance.

The small rural systems under 50,000 in population will, in fact, have an increase in their operating assistance. And if you look at the spend-down rate of operating assistance for the small urban systems, those between the areas of 50,000 to 200,000 in population, they too will be able—because of the carryover of unspent operating assistance from previous years, and based upon the formula that we operate under—to have over the next year or two additional operating assistance over and above what's provided in this budget.

So we believe that the 2 year spend-down rate would allow them some time to accommodate the overall loss in operating assistance, and the efficiencies that they will be able to reap from capital investments, would allow them to make an easier adjustment to their budget.

Senator SARBANES. We've been joined by the Ranking Minority Member, Senator Bond. And I'm going to yield to him now. I have a couple more questions I may want to put to you before we move on to the next panel.

Mr. LINTON. Sure, Mr. Chairman.

Senator SARBANES. Thank you very much, Mr. Linton.

Mr. LINTON. Thank you.

OPENING STATEMENT OF SENATOR CHRISTOPHER S. BOND

Senator BOND. Thank you very much, Mr. Chairman.

And again, my apologies. I've got one of those days when everything is happening, if I had about three clones, I would be able to be at all the places I'm supposed to be. So I apologize to Mr. Linton and the other witnesses that I've not been here. My staff tells me that most of my questions have already been addressed.

I am particularly concerned about the 25 percent reduction in Federal transit operating assistance and the 40 percent reduction in the section 3 New Starts funding.

In order to make our Metrolink project in St. Louis efficient, we need to extend it into Illinois. I will review the record, Mr. Linton, and if there are any questions on that, I will ask you about it.

There is one particular question that my good friend, Mel Sundermeyer, who's next up, would ask if you were still around, but I'll give you the opportunity to address it now. We have an $8 million section 3 grant for public transportation in rural Missouri that's very important. Everything is in place except a Department of Labor sign-off. We need a letter of no prejudice from the FTA. Mr. Sundermeyer tells me that if we don't get the letter of no prejudice within the next 2 days, it will be 9 months before Missouri can get the buses.

Senator SARBANES. This is a very timely hearing, I think.

Senator BOND. Dumb luck beats prior planning all the time. But can you help us with that, Mr. Linton?

Mr. LINTON. Senator, I can assure you that, in fact, that has been signed by me and is ready to be delivered.

Senator SARBANES. Now that was a very good question and answer.

Senator BOND. I like that. I'm not going to trust my luck any further but I just ask that you deliver it within the next 48 hours. You might want to hand it to Mr. Sundermeyer if it's available.

Thank you.

I had all kinds of difficult piercing questions, and I think I'll forego those.

[Laughter.]

Senator SARBANES. I'm going to include in the record, a statement by Senator Riegle who was unable to attend and very much wanted to be here, but he's got a scheduling conflict. And I must say that his statement sort of tracks the points that both I and Senator Bond have been making to you, Mr. Administrator.

I think we'll move to the panel.

I do want to indicate that I have concern also about the section 3 New Starts situation. And it seems to me, in a sense, what you're doing there runs counter to this emphasis on capital investment. I mean, these are New Starts that a lot of communities are prepared to move ahead on. I know you're going to meet the current commitments under full funding grant agreements, but there are a number of jurisdictions that are positioned really to get a full funding agreement either right now or in the very near future. And I'm particularly concerned about that, but we're concerned about moving that ahead.

Mr. LINTON. Mr. Chairman, I can say that we are continuing to work with those other projects. They are in the pipeline. We are having discussions with many of those properties, even as we speak, so that we can continue to move toward full funding grant agreements with them. And we suspect that we will be moving toward——

Senator SARBANES. Do you have a way to shift some additional money into New Starts in order to take care of additional full-funding agreements?

Mr. LINTON. We're trying to get additional resources, and we think that we will have some additional resources so that we might be able to work toward some finalizing of those agreements throughout the fiscal year.

Senator SARBANES. Because this is a 40 percent reduction in the commitment to New Starts for major capital investment programs in this budget.

Mr. LINTON. I understand that. And the emphasis, as you indicated, was to fund those with full funding grant agreements, and we will continue to work toward full funding grant agreements with a number of other projects that my staff is working on now so that we can try to put them in position to also receive funding.

Senator SARBANES. Because it's going to be a real blow to the commitment to move ahead with respect to transit if the jurisdictions that are ready to, in effect, come in with a full funding agreement, then can't get any resources in order to start implementing. And I think that needs to be urgently addressed in the Department.

Mr. LINTON. I clearly understand your concern and I recognize that is a problem and an issue that faces many communities that we have worked with who have projects that are lined up, and we will continue to work with them toward the finalization of the full funding grant agreements so that we can have them positioned for additional funding.

Senator SARBANES. Well, thank you very much.

We're going to take the next panel.

We may have some, in fact, I'm fairly certain we'll have some follow-up questions for you, Mr. Administrator, and we want to continue to stay in close touch with the Transit Administration, and work with you to try to resolve this.

There's a problem, I think, we were on a track and people were planning accordingly and making their plans and trying to address the pressures they were under. You all have changed that track. You may say it's at the margin, but the perception down at the Transit Authority levels is that it's very substantial. I think if you were sitting in that seat, as I said earlier, you would have the same perception. And I think we need to try to address that and try to accommodate, and we'll be working with you, obviously be working on it here in the Congress to try to address it as well.

Mr. LINTON. Mr. Chairman, I did sit in that seat and I do sit in one that's quite different now. There's no doubt about that, but I also plan——

Senator SARBANES. Don't forget where you came from.

Mr. LINTON. I'll never forget that.

Senator SARBANES. All right.

Mr. LINTON. But I also plan to continue to work with you and other Members of the Committee so that we can resolve these issues. I've always recognized, I've been involved in budget deliberations through my political life as well, and recognize that it's a process and one that we engage in with the Administration as well as with the legislative branch of Government, and we will continue to work with you and Members of the Committee so that we can have a budget that we're all proud of.

Senator SARBANES. OK. Thank you very much. We appreciate your testimony, and we look forward to staying in close touch with you.

Mr. LINTON. Thank you.

Senator SARBANES. If the members of the panel would now come forward, we'd be happy to proceed.

Senator BOND. Mr. Chairman, as we're waiting, I have an opening statement which I'll submit for the record and save the time.

Senator SARBANES. Your full statement will be included in the record.

We're very pleased to have this panel before us, consisting of: James La Sala, the International President of the Amalgamated Transit Union, a long career in transit beginning back in New Jersey many years ago, and he's one of our Nation's leading spokesmen with respect to transit issues. Richard Simonetta, the general manager of the Metropolitan Atlanta Rapid Transit Authority. He's held that post what, how long now, Mr. Simonetta?

Mr. SIMONETTA. A week and a half, sir.

[Laughter.]

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Senator SARBANES. But he's had experience in transit positions across the country, including the general manager position of the Central Ohio Transit Authority and Michigan, Pennsylvania, and Colorado.

I'm very pleased that John Agro is with us. I know him very well. He's been the Administrator for the Mass Transit Administration in Maryland now for going on toward a year and a half, responsible for MTA's daily operations, including buses, light rail, Metro, and the MARC system. He's served the State for over 25 years, including Executive Secretary of the Maryland Transportation Authority, State Highway Administrator, and I know how effective and skilled he is, and we're pleased he's on this panel.

And I'll defer to Senator Bond to present the fourth member of the panel, who's Mel Sundermeyer from Missouri.

Senator BOND. Thank you, Mr. Chairman.

Mr. Sundermeyer's the gentleman with a smile on his face. We appreciate very much the opportunity to have all the witnesses before us. We're particularly delighted that Mel Sundermeyer, who is the director of the Division of Transportation for the Missouri Highway and Transportation Department, is with us today. He's been with the Department I believe since 1968, and has extensive expertise and experience with all forms of transportation issues in Missouri. And when I say experience, after I lost a bid for reelection in 1976, a friend of mine told me, experience is what you get when you expected to get something else, and dealing with transportation issues in Missouri gives one a lot of experience.

I don't know how much he's going to want to expand upon that, but we do have a number of very significant challenges. We look forward to hearing the testimony of all the witnesses.

Senator SARBANES. Well, why don't we hear the two State level people, Mr. Agro and Mr. Sundermeyer, and then we'll go to Mr. Simonetta and then we'll let you close it out, or follow up, OK?

Mr. Agro.

STATEMENT OF JOHN A. AGRO, JR., ADMINISTRATOR, MARYLAND MASS TRANSIT ADMINISTRATION, BALTIMORE, MD

Mr. AGRO. Thank you, Mr. Chairman and Members of the Committee. It's a real pleasure to be here with you today.

Senator SARBANES. We'll include the full statements in the record, and if you could summarize them, that would be helpful.

Mr. AGRO. Yes, I certainly will.

I'd especially like to thank our very own Maryland Senator, Paul Sarbanes, for this invitation to come and speak to the Subcommittee today. Senator Sarbanes has been a real supporter, a real proponent of transportation within the State of Maryland and certainly with our mass transportation program.

I'd also like to just acknowledge President Clinton, Secretary Pena, and also Administrator Linton for their efforts in support of the transportation program. They have been to Maryland, they have seen our system, they have ridden our system. And I would particularly like to thank Administrator Linton for all the work that he's done working with us to go forward with a very innovative design/build project for our light rail extensions.

The Mass Transit Administration in Maryland is a modal element of a consolidated Maryland Department of Transportation. Our sister agencies have responsibility for highways, aviation, toll facilities, ports, and motor vehicles. Transportation in Maryland is unique because of this organization structure, and Maryland has a dedicated consolidated transportation trust fund for providing various funding sources for projects. That's been in existence since 1971, over 20 years ago, that the Consolidated Department of Transportation was created.

Trust funds foster intermodal planning, intermodal decisionmaking, which is certainly a theme of ISTEA, and consequently, in Maryland, mobility decisions are balanced transportation decisions, not just highway or just transit decisions. What we are trying to create in Maryland is a seamless transportation network for our citizens.

The Mass Transit Administration operates and funds various types of transportation services throughout our State. We are a State-wide organization. We have an 850-bus system in the Baltimore Metropolitan area.

As the Senator pointed out, a 14-mile metro subway system that we operate, a 22.5-mile light rail system that we just completed opened within the last year, as well as our MARC commuter rail service, which serves the Baltimore, Washington, Northeast Maryland, Western Maryland, as well as Martinsburg, West Virginia markets. So we're very, very proud of that service that we're offering to the citizens of Maryland and also supporting our neighbors in West Virginia.

There were a number of questions that were asked, and I'll move directly into those. One was to describe the effect of the reduction in Federal operating assistance on transit operations in Maryland.

The Administration's proposed 25 percent reduction in Federal operating assistance would limit our responsiveness to our customers. We are an efficiently run organization, both financially and from a service delivery standpoint.

We have a Maryland law that requires that 50 percent of our operating expenses be recovered through the fare box. That is our partnership with the private sector with our customers to recover 50 percent of all expenses from the fare box and/or other fees. And when we talk about the other fees and revenues, that's where the Federal aid comes into play. Consequently, every revenue dollar cut from the operating budget translates into a service reduction or, conversely, a fare increase, driving ridership down.

Specifically, the Administration's budget would reduce the current appropriation in Maryland of $10.9 million in Federal operating assistance by $2.8 million, a 25 percent reduction. $2.3 million of that would apply to the statewide Mass Transit Administration operation and about $500,000 would affect the small urban areas.

Within our operation alone, a $2.3 million reduction would result in either a reduction in service or a fare increase or a combination of the two that would result in a reduction in ridership of approximately 10,000 riders per day. That represents a 3 percent reduction in our daily ridership.

We could also be faced with scaling back preventive maintenance activities which will call for higher capital investment or operating

costs in the future. And certainly reducing operating costs in the environment of the Clean Air Act seems to be in conflict, when we're trying to find new and innovative ways to get people to use mass transportation, we're creating disincentives for those to continue to use it.

In the local transit area, which is an extremely important area, local transit systems in small urban areas in Maryland will be affected by this 25 percent reduction.

Just to give you one example of what one of those jurisdictions might look like, we could take the city of Annapolis, which is where our Naval Academy is located. The proposed Federal operating reduction will result in a $500,000 reduction in aid, and this would result in approximately a 20 percent reduction in the service for those small urban areas because of their dependence on the Federal aid.

Local jurisdictions could not absorb this level of Federal reduction. It may be very likely that, at the local level, they would have additional capital funds to buy equipment but would not have operating funds to be able to make use of that equipment.

Another issue that was raised was the effect a reduction of the section 3 New Start program would have on our communities. Let me say first that the Administration has established infrastructure both renewal and expansion to be a major goal of its agenda for transit. We believe that this goal is appropriate and really focused in the right direction.

However, the reduction that's being proposed in the section 3 New Starts seems contradictory to that philosophy. The reduction would cause a loss of opportunity for jobs, it would cause a loss of opportunity for economic development spinoff, such as joint development in the private sector.

Within our 6-year program, we plan to spend almost $1 billion on capital projects for bus, metro, light rail, and MARC commuter rail services. Section 3 New Start funds is a major component of that funding within our organization. The reduction of the section 3 New Start funds is of considerable concern to us because expansion of our light rail and our commuter rail within Maryland relies on an annual appropriation of New Start funds.

As it relates specifically to our light rail extensions, these are light rail extensions to again create seamless transportation with connections to Penn Station in Baltimore, the Baltimore Washington International Airport, and also to the business community of Hunt Valley in the North.

The Federal Government has recently approved the Environmental Impact Statement and Environmental Assessments associated with our three light rail extensions. We are about to enter into a full funding agreement for the three extensions with the Federal Transit Administration.

Two weeks ago, our organization solicited bids for a very innovative design/build concept to go forward with those extensions. In 1995, the prospect of no allocation will mean a delay in Federal reimbursement of State funds advanced for that project.

A continuation of that reduction in New Start funds potentially in 1996 with no allocation for a light rail project, could result in

a much greater impact with us having to either slow down or halt certain aspects of that construction project.

My greatest fear in this whole process is that we will see repeated deferrals of section 3 New Start funding, and that will require larger allocations in the out years of ISTEA. And as we begin to move to those out years, it's going to become increasingly more difficult to make available to any one State these larger allocations that are necessary to complete those projects, a very real concern.

As it relates to MARC commuter rail service, the MARC commuter rail service serves 20,000 people daily, moving in and out of the Washington area. We plan to spend about $400 million over the next 6 years on MARC improvements.

The improvements include new passenger cars. Many of our coaches are as much as 50 to 60 years of age. New locomotives, many of them today are as much as 30 to 40 years of age. We need to expand our parking capacity to be able to grow our business. We need to make station improvements and we need to expand to new service areas, like the city of Frederick and to Southern Maryland so we can go into new markets and take cars off the road and get people onto public transportation.

We cannot make this kind of investment without the commitment of Federal funding. Over $160 million of the $400 million will be required for New Start funding. Congress has recognized this need when they authorized the $160 million in ISTEA. To date, we've received approximately $33 million out of that $160 million.

At the end of this month, we will request bids for a purchase of new bi-level commuter rail cars, again to increase our capacity. Due to the uncertainty of the Federal funding associated with that, the State is significantly at risk by entering into that procurement contract because we are now exposed to the potential financial commitment of a $150 million contract without any commitment or support from the Federal Government.

We could certainly seek to get a letter of no prejudice but it has not been the practice of the Federal Transit Administration to enter into full funding agreements for the procurement of vehicles and necessary assets to improve and expand your operation.

And I'd like to go directly to the last issue, if I may. I think it's an extremely important one. You talk about what specific proposals would we suggest to ensure that transit is maintained as both an efficient and affordable mode of transportation as an integral part of the community and economic development. I would like to offer two proposals in this area.

First, I would like to continue to urge Congress to work toward the reauthorization of ISTEA beyond 1997. It's an extremely important foundation, the Act of ISTEA, and I think we can build on that and make it even better.

But truly the key to success, and Senator, you mentioned this earlier, the key to achieving a balanced transportation system is maintaining an appropriate and predictable level of multiyear Federal operating and capital funding support for transit. That is what we are lacking today. We do not have that multiyear dimension where we're looking out and the States can rely and small transit operations can rely on a source of funding coming in and build its capital programs and build its ridership.

I also feel that it's essential that the authorization of ISTEA go forward, and that those funds be appropriated.

My second point speaks to an item that I just mentioned earlier, and that it should be recognized that many capital initiatives require multiyear funding commitments, such as the procurement of commuter rail cars. We would recommend that the Federal agencies be encouraged to execute full funding agreements for large, multiyear procurements so that Congress can adequately allocate funds for these projects.

Thank you, sir.

Senator SARBANES. Thank you very much.

Mr. Sundermeyer.

STATEMENT OF MEL SUNDERMEYER, DIRECTOR, TRANSPORTATION DIVISION, MISSOURI HIGHWAY AND TRANSPORTATION DEPARTMENT, JEFFERSON CITY, MO

Mr. SUNDERMEYER. Thank you, Mr. Chairman.

It's a pleasure for me to be here representing the State of Missouri and its citizens, who are my customers.

Senator Bond, it's good to see you again, and I can tell you, you've absolutely made my day, when I take home this letter of no prejudice, we'll be purchasing vehicles.

Senator SARBANES. It made the trip worthwhile, didn't it?

Mr. SUNDERMEYER. Yes, it did. It's paid for in full.

I do have a short prepared statement that I would like to follow with.

Senator SARBANES. The full statement will be included in the record, and if you could summarize it, we'd appreciate it.

Mr. SUNDERMEYER. It is less than 5 minutes, I promise.

Senator SARBANES. OK.

Mr. SUNDERMEYER. I'm pleased by the Committee's interest in, and concern for, continued operating assistance for transit. I thank you for the opportunity to address the Committee.

I am Mel Sundermeyer, I'm director of the Transportation Division of the Missouri Highway and Transportation Department. Beyond transit, I also have aviation, waterways, and railroads.

At a time when Missouri is evaluating its transportation system and recognizing the efficiencies, and indeed the necessity of using several transportation modes for moving people and goods, cuts in Federal operating assistance for transit systems would be extremely damaging.

St. Joseph, Missouri is a pointed example. This is a city of more than 70,000 people. The public bus system depends upon Federal operating assistance for nearly 45 percent of its operating costs, very nearly half of its total operating budget. The system has few administrative personnel. Therefore, any cuts in operating dollars will directly reduce service on the street. We believe 25 percent, first year cuts initially proposed, would cripple service by forcing St. Joseph to end Saturday bus service and reduce weekday routes by as much as half.

Columbia, comparable in population to St. Joseph, draws more than one-third of its operating budget from Federal assistance. Saturday service almost certainly would cease in Columbia, and Columbia may be forced to consider cuts in weekday routes also.

Reductions in transit service diminish the quality of life and the economic independence of those who rely on public transportation to get to work, those unable to drive, and those who seek more efficient alternatives to traffic congestion.

Another argument also reinforces the importance of public transportation, arguments that are founded on actions taken by Congress. In ISTEA, the Intermodal Surface Transportation Act, Congress specifically increased the flexibility of Federal transportation funds and sent the clear message that States should consider using some Federal funds for highway and public transit capital needs.

Congressional support for flexible funding to enhance transit systems absolutely conflicts with the discussion of reduction in operating funds. Capital improvements will be futile unless there is operating funds to keep these systems running.

Transportation in Missouri's large urban areas also would suffer from Federal cuts. The Metrolinks Rail System serving the St. Louis area, still in its infancy, already has proved itself with ridership that exceeds the expectation of even its most ardent supporters.

Residents on the Illinois side of the St. Louis area recently approved a new local tax to match Federal funds so the commuter rail can be extended to their area.

Proposed cuts in section 3 New Start money would jeopardize funding for construction of this new extension into Illinois, the extension that local citizens supported by voting to tax themselves to provide local match.

While the interest in building new routes on the St. Louis area light rail system grows, the transit authority already struggles to find enough operating money to keep the new light rail and its buses running. Cuts in Federal operating assistance would be devastating.

Kansas City, in the midst of a transportation feasibility study of a light rail system, also could be denied future funding if section 3 New Start cuts were enacted.

The urban areas perhaps face a situation that smaller cities and rural areas do not yet experience. Clean air concerns, among other factors, will make highway construction increasingly difficult in our large cities. We must support transportation options that allow mobility and help solve environmental problems. I realize this is a long-term goal but we cannot afford to falter at this critical time as we are working to address these environmental concerns.

I must add that Missouri's transit systems already are absorbing several new operating expenses without the benefit of additional money. New paratransit mandates in the Americans with Disabilities Act and a new program now for employee drug testing are notable examples.

I'm here today to strongly support continued Federal transit operating assistance. Federal operating funds allow these important services to survive as part of a comprehensive transportation network.

Thank you.

Senator SARBANES. Thank you very much.

Senator BOND. Mr. Chairman, may I just apologize to the other witnesses. I have an 11:15 a.m. meeting that I'm running a little

bit late for. But maybe Mr. Sundermeyer, in the question and answer session, could address a very specific problem we have in Missouri. That is the risk to airports and other transit Missouri Department of Highways and Transportation facilities from the delay in getting the levies rebuilt.

We've been very interested in that, and if you could provide us with the information or submit it for the record, it would be greatly appreciated.

Mr. SUNDERMEYER. Well, I am pleased to say that they are making progress with the levies, and we are beginning to make some of the repairs to our airports, and hopefully there will not be any spring flooding, and if we're fortunate, we're going to be in real good shape.

Senator SARBANES. Why don't you submit a statement for the record on that subject. It would be helpful to the Committee.

Senator BOND. I appreciate that.

Thank you very much, Mr. Chairman.

[The following information was subsequently submitted for the record by Mr. Sundermeyer follows:]

Sixteen Missouri Airports experienced flooding during the summer of 1993. Of these, eleven airports depend upon levees for their primary flood protection. The remaining five airports were flooded by heavy and sustained rainstorms which caused local rivers and streams to go out of their banks.

Of the levees protecting the eleven airports, six have been restored to pre-flood elevations, three are under construction and two are still not restored. Those not yet restored affect the Lexington Municipal and the Hermann Municipal Airports. The Lexington Airport is protected by several privately owned levees. Enough of these have been restored to afford the airport approximately 80 percent protection. The remaining levees are being delayed by negotiations over easements. The levee protecting the site of the Hermann Airport is still unrestored with no visible progress. Although the city has decided not to rebuild their airport on that site, the area farmers are very concerned.

Senator SARBANES. Mr. Simonetta.

STATEMENT OF RICHARD SIMONETTA, GENERAL MANAGER, METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY, ATLANTA, GA

Mr. SIMONETTA. Thank you, Mr. Chairman, Senator Bond.

I know that you have a floor vote at 11:30 a.m., so I'll make my comments brief. I have submitted written testimony for the record.

Senator SARBANES. We've had a chance to look at it. It's very helpful testimony. We appreciate it.

Mr. SIMONETTA. Thank you, sir.

My name is Rick Simonetta. I'm vice chairman of the American Public Transit Association and for the last week and a half, I've been general manager of MARTA in Atlanta. And I also welcome the opportunity to provide testimony on the Administration's fiscal year 1995 budget as it relates to transit.

Understandably, my testimony focuses on areas where we disagree with the Administration. These disagreements are important to our industry. But before turning to the areas of disagreement, I want to talk about the many areas where we agree.

First, we truly believe the Clinton Administration is pro-transit, and that it recognizes the key role transit can play in achieving national objectives. We need look no further than last year's budget proposal that resulted in a 22 percent increase in transit funding.

In addition, we have the highest respect for Gordon Linton, the Clinton Administration's FTA Administrator. He's brought a fresh outlook and a new dimension to the FTA. We look forward to working with Administrator Linton to strengthen the transit program.

Also, on a personal note, I express appreciation to Administrator Linton for his support in helping meet Atlanta's transportation needs in the 1996 summer olympics.

ISTEA is a reasonable blueprint for how transit should be funded. It created a balanced program designed to meet the transit needs of both urban-suburban and rural areas. Despite statements that the Administrator's budget fully funds ISTEA, the reality is it fully funds only the highway program and the transit formula program.

The Federal transit proposal at $4.6 billion is $563 million or 11 percent short of what was originally authorized in ISTEA for the proposed year. This shortfall includes a 25 percent cut in section 9 operating program and a 40 percent reduction in the New Start portion of section 3.

Until transit programs are fully funded at ISTEA authorized levels, there should be a fair and equitable balance between the formula programs, sections 9 and 18, and section 3, and also within the respective section 3 programs. To meet these equity tests, funding should be consistent with the authorized program funding ratio as called for in ISTEA.

Let's examine the impact of cutting transit operating assistance by 25 percent. While Federal aid is a small percentage of operating revenue for all transit systems combined, it's critical, because operating budgets have been cut to the bones for years. In smaller metropolitan areas, Federal aid often represents 30 to 40 percent of operating revenue.

Using just the Americans with Disabilities Act mandates for complementary paratransit service, MARTA expects operating costs for this program to increase from $1.9 million in fiscal year 1994 to $3.7 million in fiscal year 1995. This is an increase of $1.8 million in operating costs at a time when the Federal assistance program to MARTA is being proposed for a cut of approximately $1.4 million. Operating assistance cuts will harm low-income people, senior citizens, students, and people with disabilities who depend on transit because they have no alternative.

Let's now examine the Administration's proposal to cut transit New Starts and extensions by 40 percent. This proposal would deal a devastating blow to current plans to improve and expand rail systems, trolley, and ferry services in cities and jurisdictions across the Nation. Under the Administration's proposal, two out of every three New Start and extension projects authorized in ISTEA would not get funded.

MARTA currently has three projects that were authorized in ISTEA but do not yet have full funding grant agreements. These projects include the Atlanta North Line Extension, which runs through the fastest growing corridor in the Atlanta region, and is a vital program to respond to increasing demand for public transportation to the central city and to jobs in and around the corridor.

We are concerned that the budget proposal would not give us an opportunity to get funding commitments for this project for at least the next 2 years.

Another indication of the need to fund the Federal Transit Program is a new study by APTA which you referred to earlier, Mr. Chairman, which finds that U.S. transit agencies will need $38 billion annually. The funds are needed to maintain current service and complete service expansion already underway.

The amount includes an annual average of $22.7 billion for operations and $15.3 billion for capital investments. In recognition of increasing funding needs, ISTEA envisions a sharp increase in the overall transit program in fiscal year 1997. Under ISTEA, authorized transit funding jumps from $5.1 billion in fiscal year 1996 to $7.3 billion in fiscal year 1997, an increase of 40 percent.

The Administration's proposal makes little progress toward this goal. If we are to achieve the goals envisioned in ISTEA, then we must move forward with fully funding the transit program.

In conclusion, the Administration's transit budget proposal does not adequately meet current and future transit needs. Transit systems appreciate the Administration's proposal to increase section 9 capital, but most will be unable to benefit from the increase with a 25 percent decrease in the operating program. Transit operators cannot afford to buy buses and other capital equipment that they cannot afford to operate.

Finally, the proposal to cut transit New Starts and extensions is short-sighted, and will impede efforts to meet transit needs in our most congested urban areas.

We urge the Congress to increase funding for the Federal Transit Program to the levels envisioned in ISTEA without cutting funding for transit operating assistance.

Thank you, Mr. Chairman.

Senator SARBANES. Thank you.

Mr. La Sala, we'd be happy to hear from you.

STATEMENT OF JAMES LA SALA, INTERNATIONAL PRESIDENT, AMALGAMATED TRANSIT UNION, ROCKVILLE, MD

Mr. LA SALA. Let me add my thanks, Senator, to you and to Senator Moseley-Braun, and to those Committee Members in their absence for conducting this hearing, and for giving our union the opportunity to testify on the Impacts of the Proposed 1995 Federal Transit Administration's Budget.

For the record, my name is Jim La Sala, and since 1985, I have served as International President of the Amalgamated Transit Union.

Our organization represents some 160,000 employees in the urban mass transit, over the road, and school bus industries in 46 States throughout our great country. Our members work for both private and public transit service providers in a wide range of urban, suburban, and rural settings providing fixed route service, paratransit and other specialized services to our Nation's citizens.

Today, we are deeply concerned that a transit system so carefully designed under ISTEA will weaken because of certain funding choices pending before the United States Congress. We certainly recognize that the Clinton Administration has submitted a mass

transportation budget that builds on last year's significant funding increases. Yet, as last year's 22 percent increase in transit funding targeted capital program, the Congress wisely fended off efforts that year to reduce operating assistance below the $802 million level.

While this year's proposal seeks to fully fund the capital portion of both the Federal highway and transit formula programs, it would seriously slash transit operating assistance by 25 percent. If implemented, this proposal would have disastrous effects in the transit industry by causing significant reductions in service, drops in ridership, fare increases and potentially thousands of layoffs among the 200,000 transit employees in virtually every large and small urban, suburban, and rural community in America.

And I might, just for a moment, Senator, point out that those that are mostly affected by this reduction in service are those who are on minimum wage, those who are working at MacDonald's, or doing domestic work, or the handicapped, or those who have no lobby.

As operating assistance has remained frozen since 1985, the transit industry has struggled just to keep up with the growing demands, while at the same time facing millions of dollars in new costs imposed by mandates such as the Americans with Disabilities Act, the Clean Air Act, and the Federal drug and alcohol testing.

This ill-conceived proposal to reduce operating assistance would, if approved, lead to an immediate downward spiral in the quality and availability of reliable public transportation, as well as the loss of good paying jobs, while undermining this Administration's publicly expressed position to stimulate job growth and improve our competitiveness through greater investment in our transportation infrastructure.

Historically, we know that as operating revenues decline, as they did in the 1950's and 1960's, from post-war ridership declines, maintenance is the first to suffer. Thirty years ago, this placed all of our systems in jeopardy. The then-private companies barely scraped by to provide service. It was only with the advent of the Federal program that we were able to rescue our private systems, improve ridership with the creation of newly formed public agencies. We now fear the Administration's proposal could again take us down this unfortunate path.

Reports from our locals confirm the results of the American Public Transit Association's recent survey of some 120 systems that nearly 7 out of every 10 public transit systems would have to raise fares. Eighty-three percent of the surveyed systems indicate the cuts would produce service reductions. Three-quarters of the transit properties indicated layoffs exceeding 15 percent, and that these systems would be forced to defer safety and maintenance.

We believe that Congress must redirect its Federal mass transportation funding to maintain operating assistance at its current level and work toward the authorization level of $1.1 billion.

It should also be noted that as the percent of Federal operating aid has declined, States now provide almost 90 percent of all transit operating assistance. They cannot and should not be asked to bear an even greater burden.

Also, under present estimates, we expect transit layoffs and job losses to range from 10,000 to 15,000. This number could rise significantly if service cutbacks interfere with established commuting patterns and workers' abilities to reach existing employment destinations.

The need is clear and the consequences of failing to provide sufficient funding are ominous.

We recognize that in recent years, efforts to maintain or secure increases in Federal operating assistance have had to overcome pressures to limit those funding levels in the face of the increasing Federal deficit, the fast payout schedule for operating assistance, and competition from the ever present capital needs programs.

To respond to these concerns and to enable transit to meet its enhanced ADA, environmental and safety obligations, we have proposed the creation of a "Transit Safety, Service and Standards Fund" for the specific purpose of making Federal operating assistance available to help offset the new costs faced by transit grant recipients from these new Federal mandates.

The safety aspect of these provisions is designed to specifically address the new drug and alcohol testing requirements. The service component would be used to support the operational expenses required to implement the new ADA service mandates and the standards portion would be used to address the operational needs for installing and maintain the equipment required to meet the new standards imposed by the Clean Air Act.

We believe designating a portion of the current or increased operating assistance in this fashion would create a stronger political and substantive basis for providing the necessary funding levels to ensure that our transit systems continue to perform as we expect.

Attached hereto is a Policy Brief which discusses this proposal in detail.

Mr. Chairman, our union has always been prepared to do its part and we've approached our annual round of contract negotiations mindful of the economic pressures facing our Nation's communities. At the same time, of course, we remain steadfast in commitment to the well-being of our members who bear the enormous responsibility of transporting our families and our friends to work, to shop, and to visit their neighbors and relatives.

Indeed, wage increases which over the last 3 years averaged just under 3 percent annually have barely served to keep our members' standard of living in line with the cost of living increases and the increasing costs of health care, which our transit systems help make available to millions of Americans.

My final message is simple and direct. It makes no sense to have buses that cannot run, systems that need repair, and service needs that go unmet because of the lack of operating dollars. We must continue our capital investments, but if transit is to fulfill its promise to bring renewed economic growth to our cities, link suburban and rural areas, and ensure that we meet our environmental and mobility needs, sufficient funding is needed and it is needed now.

I'm afraid that what we lose today will never be recaptured tomorrow.

In closing, Mr. Chairman, thank you again, and let me emphasize our willingness to work with you, this Committee, and Con-

gress to ensure that our Nation's mass highway transportation systems are maintained at the highest safety standards. Thank you.

Senator SARBANES. Thank you for a very strong statement.

We've been joined by Senator Carol Moseley-Braun.

Carol, do you have a statement?

OPENING STATEMENT OF SENATOR CAROL MOSELEY-BRAUN

Senator MOSELEY-BRAUN. Mr. Chairman, I do have a statement, a long detailed statement, but the bell has run for a vote on the floor, and I'm afraid it's very important to do that. Just to say, I'd like to file my statement for the record.

Senator SARBANES. Certainly.

Senator MOSELEY-BRAUN. And to join and share the concern that has been expressed by the witnesses I have been able to hear, and their statements.

I am very much concerned about the cut in operating assistance and the failure to fully fund ISTEA, the impact of new unfunded mandates that may be good mandates and well-intentioned, but the failure to fund them I think is not acceptable.

Particularly the impact of the shift to capital from operating expenses that's going to have on transit systems, both in urban and in rural areas. The rural areas of my State will be hit as hard, if not harder, than the urbanized areas. And so it seems to me, this proposal runs absolutely counter to the commitments, promises, and the direction that the Administration set out initially.

I hope that we can guide them to a more constructive policy in this area, and I look forward to working with you, Mr. Chairman, in that regard.

Senator SARBANES. I hope we can as well.

Gentlemen, here's what we're going to do. These are very strong statements and obviously a great deal of care has gone into preparing them. I'm going to adjourn the hearing. I don't really need to come back and ask questions because I think you've really covered the subject very well in the prepared statements.

So well, in fact, that I'm going to be certain—I assume the Department will do this in any event—but we want to be certain that they're brought specifically to the Administrator's attention, so we're going to send down an annotated version, I mean highlighted versions of your statements to him, underscoring some of the points that you've made, both in your oral and your written testimony.

We very much appreciate your coming today. This has been very helpful testimony. It's very important to get this on the right track and keep it on the right track, as you have observed, and we're most appreciative.

Now, we're going to have to go and vote, and then we're likely to have a follow-up vote, and I think probably the best course is to thank you for your testimony and to declare this hearing adjourned.

Thank you very much.

[Whereupon, at 11:45 a.m., Wednesday, March 23, 1994, the Committee was adjourned, subject to call of the chair.]

[Prepared statements of witnesses follow:]

78-942 - 94 - 3

PREPARED STATEMENT OF SENATOR CHRISTOPHER S. BOND

March 23, 1994

Thank you, Chairman Sarbanes, for calling this important hearing on the impact of the proposed Fiscal Year 1995 Budget for the Federal Transit Administration. I have several other commitments this morning, but I plan to review the testimony carefully and fully.

The Administration proposes a Federal Transit Authority Budget for Fiscal Year 1995 of $4.8 billion, which is a 4 percent increase over the Fiscal Year 1994 appropriation of $4.6 billion for Federal Transit Authority Programs. Nevertheless, the Administration's Budget Request for Federal Transit Authority Programs will mean certain shortfalls from the anticipated authorized amounts under the Intermodel Surface Transportation Efficiency Act (ISTEA). These budget shortfalls are reflected in reduced amounts in operating assistance and Section 3 New Start Rail Projects.

I am especially concerned over the proposed 25 percent reduction under the President's Budget in Federal Transit operating assistance. I expect my concerns to be echoed by Mr. Sundermeyer, the Director of the Division of Transportation for the Missouri Highway and Transportation Department. Mr. Sundermeyer has been kind enough to lend his expertise and wide experience on transportation issues to the deliberations of the Housing Subcommittee. Thank you Chairman Sarbanes for asking Mr. Sundermeyer to testify today. I think you will find his testimony very helpful.

I emphasize that the proposed 25 percent reduction in operating subsidies from the Federal Government could prove very damaging to the ability of local transit systems to meet local needs. In particular, reductions in operating subsidies will mean reduced transit services or increased fares. In both cases, low- and moderate-income persons and those who rely on public transportation will suffer the most.

I am concerned also with the proposed 40 percent reduction in the Section 3 New Starts money. In particular, this reduction could jeopardize funding for an extension of the St. Louis Metrolink light rail system into Illinois. This is an important extension which we should be encouraging rather than eliminating.

Again, thank you Chairman Sarbanes, for calling this important hearing. Good local transportation is important to everyone.

PREPARED STATEMENT OF SENATOR DONALD W. RIEGLE, JR.

This morning the Committee will discuss our Nation's mass transit needs and the impact of the proposed Fiscal Year 1995 budget on America's transit systems. Transit is vital to the health and quality of life of Americans living in large urban areas, as well as small towns. Transit reduces congestion and air pollution and provides transportation to millions of people—including low-income residents, the elderly, persons with disabilities, and youths—who otherwise have no means of getting around.

This morning's hearing will identify our Nation's transit needs in relation to the President's proposed Fiscal Year 1995 budget. Despite tight constraints on Federal resources, the Fiscal Year 1995 budget provides a modest increase in funding for the Federal Transit Administration (FTA). I am pleased that the Administration recognizes the importance of transit to the Nation. However, I am concerned about some of the shifts in resources within FTA's budget. While I am pleased to see a $625 million increase in capital grants, I am concerned about a proposed $200 million decrease in Section 9 operating assistance.

Operating assistance is critical to the ability of transit authorities to meet the needs of their communities. A recent survey by the American Public Transit Association found that, as a result of the proposed reductions, 83 percent of the Nation's transit agencies will have to reduce service and 75 percent will have to cut employees. In my home State of Michigan, transit operators have told me that the proposed cuts will result in reductions in service and fare increases for riders.

Although I sympathize with the Administration's concerns about controlling budget outlays, I strongly believe the construction, maintenance, and operation of our national transportation network should continue to be a partnership between the Federal Government, States, and localities. If we reduce operating assistance, the burden will be felt disproportionately by the working poor, working class, the elderly, and handicapped. They will become the victims of reduced services and higher fares.

I commend Senator Sarbanes for holding this hearing to examine the needs of transit in making our communities livable. I look forward to future discussions on this issue.

PREPARED STATEMENT OF SENATOR CAROL MOSELEY-BRAUN

Mr. Chairman, thank you for holding this important hearing to discuss this Nation's transit funding needs. We are here today to discuss transit's importance in providing access to jobs, health care, and other basic services to transit dependent persons in urban and rural areas; reducing congestion, improving air quality, reducing energy consumption, and our reliance on foreign oil; and serving persons with disabilities.

Achieving these goals requires capital investments for the rehabilitation, replacement, and modernization of existing equipment. The Clean Air Act, for example, requires transit systems to modernize their bus fleets to use pollution reduction technology. The costs for cleaner running buses range from an additional $14,000 to $64,000 per bus. This does not include the cost of establishing new maintenance and refueling stations, which is also required under the Clean Air Act.

Additional capital investments in transit will help meet these needs. I strongly support the Administration's proposal to increase funds to the Section 9 formula programs. This increase will help transit operators make the necessary repairs and improvements to their transit systems to meet the social, economic, and environmental needs of this country.

However, I am concerned about the Administration's proposed cuts in transit operating assistance. Reducing the flexibility on how transit funding can be spent, will ultimately affect transit service. One of the Administration's seven stated transportation goals is to "put people first in our transportation system by making it relevant and accessible to users." I wonder how this goal can be met, when operating assistance is cut by 25 percent. I am extremely concerned about what operating cuts will mean to communities nationwide and in my State.

Transit operators in my State have told me they will be forced to cut service and increase fares. Such fare increases and service cuts is not making "transportation systems relevant and accessible to users." In just the Chicago region alone, transit operators will lose over $12 million in operating assistance.

In the downstate areas, where transit systems are extremely vulnerable and rely even more heavily on Federal operating assistance to keep the buses moving, these cuts will be crippling. In my State, for every dollar of Federal operating assistance that is cut, transit systems in downstate urban areas will experience an additional cut of about 63 cents, because of the reduction in State matching funds and local revenues.

Under the Administration's proposal, the Rock Island Metropolitan Mass Transit System will lose $167,000 in Federal operating assistance and an additional $105,000 from State matching funds and fare box reduction due to service cuts for a total of $273,000. The Rock Island Transit District has already raised its fares by 20 percent this year in order to meet unfunded Federal mandates, such as the Clean Air Act and the Americans with Disabilities Act. It can not raise fares again. As a result, service cuts are Rock Islands' only option. This situation is faced by other transit operators in my State.

The Americans with Disabilities Act (ADA), which has the important goal of making transit accessible to the disabled, will also significantly increase costs to transit operators in my State. It takes real money to achieve ADA goals. For example, ADA has increased the number of people eligible for transit services in the Springfield, Illinois area. During the last 18 months, the number of ADA eligible individuals has increased from 275 to 955 people in Springfield. In 1992, paratransit cost was $297,000. The estimated cost for 1994 is $340,000. This is occurring throughout my State. Once again, I would like to point out that one of the Administration's seven stated transportation goals is to "put people first in our transportation system by making it relevant and *accessible to users.*"

Given these fiscal burdens, cutting operating assistance will undercut transit systems ability to meet important national goals. I urge the Administration to reconsider its proposal and provide the kind of support that transit systems in this country need and deserve.

I look forward to hearing from today's witnesses. I know their testimony will be of great help to the Committee as we work to meet this Nation's transit needs.

PREPARED STATEMENT OF GORDON J. LINTON
ADMINISTRATOR, FEDERAL TRANSIT ADMINISTRATION
UNITED STATES DEPARTMENT OF TRANSPORTATION

Mr. Chairman, Members of the Committee, I am Gordon J. Linton, Administrator of the Federal Transit Administration (FTA). Thank you for this opportunity to appear before you today to discuss the President's fiscal year 1995 budget proposal as it relates to transit.

INTRODUCTION

At the outset, Mr. Chairman, let me note that we are seeing increasing recognition of the key role the Federal transit program plays in transportation policy, and we believe much of this derives from the landmark 1991 Intermodal Surface Transportation Efficiency Act (ISTEA) that we are now proudly implementing. We appreciate the major role this Committee played in drafting the transit portions of the ISTEA, and we look forward to working with you as we continue to implement its provisions.

The fiscal year 1995 budget proposal is the third budget submitted to Congress since enactment of the ISTEA, and we are pleased to report that it represents the largest transit budget ever proposed to Congress, $4.8 billion. Under the President's budget request, each transit system in the country will receive more Federal money than it did last year. We have fulfilled our promise to fully fund our formula grants program at the ISTEA authorized levels, and are requesting an increase of 19 percent in Federal formula funds over last year for a total of $2.9 billion. These funds are used by communities largely to maintain or expand existing bus and rail systems, and to help comply with the Clean Air Act, the Americans with Disabilities Act, and other statutory requirements.

In your letter requesting us to testify at this hearing, Mr. Chairman, you asked us to address four facets of the Federal transit program: operating assistance, new starts, transit's role in community development, and our proposals to enhance transit's role in our communities. I will address each of those issues in turn.

OPERATING ASSISTANCE

While we are requesting the largest budget in the history of the transit program, much attention is focused on the proposed $202 million reduction in operating assistance, from $802 million to $600 million. In trying to meet the spending targets for fiscal year 1995, we had to make some very tough choices. In short, we are proposing to put more of the Federal dollars into capital investment because we think it is a more strategic investment.

At present, the average age of the American transit bus fleet is 8.2 years when it should be no more than 6 years. Similarly, the average age of our rail rolling stock is 17 years when it should be 12. While the average ages of both fleets has risen in the past few years, clearly, additional capital investment in transit is still needed. Newer vehicles are more efficient in several ways. They reduce maintenance costs, consume less fuel, and present a more attractive transportation alternative, thereby attracting riders.

I know that it will not be easy for our transit authorities to adjust to a reduction in Federal operating assistance, but the current economic climate presents a real opportunity to do so with less disruption. Interest rates are down, allowing transit authorities to refinance their debt at significant savings, inflation is down, and fuel prices are relatively low. With the economy growing, transit revenues should increase.

NEW STARTS

Our first priority is to fully fund the Formula Grants programs. Not only does every area of the country receive a pro rata share of such programs, but formula funds may be used for a grew variety of activities, and grantees are free to decide how to use those funds—for bus, rail, or other capital facilities. Consistent with our policy to emphasize rehabilitation, we propose funding the Fixed Guideway Modernization and Bus categories at about the fiscal year 1994 levels. The $400 million remaining for New Starts, while a reduction from fiscal year 1994, will allow us to meet all five of our current commitments under Full Funding Grant Agreements (FFGAs). We will continue to work with other transit authorities that have projects in the pipeline to move them toward FFGAs.

Flexible Funding

There are other capital resources available as well, Mr. Chairman. From the perspective of the transit program, undoubtedly the most significant and innovative change mandated by the ISTEA is what we call the "flexible funding" provisions—the portions of the Federal highway and transit programs that have been freed up to allow decisionmakers at the State or local level to decide for themselves whether to allocate the funds to highway or transit projects. This flexibility at the local level has really begun to change profoundly the way in which transportation decisions are being made across the country. As State and local officials attempt to balance the competing needs and demands of clean air, congestion mitigation, the Americans with Disabilities Act, and the comprehensive Energy Policy Act of 1992, the flexible funding provisions provide resources to stimulate transportation solutions, not just highway or transit projects.

Specifically, Congress in ISTEA provides a potential $70 billion in flexible funding over 6 years for transit or highway projects. In fiscal year 1992 approximately $300 million was transferred for transit use, in fiscal year 1993 some $470 million has been transferred, and approximately $200 million has been transferred this year. In total, this represents close to $1 billion to date in additional capital funding for the transit program.

Transit and Community Needs

Mr. Chairman, you also asked about the importance of transit to communities and how the Administration intends to address those needs. These questions are considered in detail in our report submitted to Congress last year on "The Status of the Nation's Highways, Bridges, and Transit: Conditions and Performance." We will be submitting this year's report in June.

This report emphasizes that increases in highway capacity cannot keep pace with the increase in travel demand, especially in the urban areas. In fact, FHWA reports that 83,000 lane-miles of urban highway capacity cannot be built over the next 20 years because of various constraints on new highway construction. Well chosen mass transportation investments can play a major role in meeting a portion of the estimated 627 billion passenger miles in annual unmet travel demand. The increased capital investment in mass transit reflected in this budget lays the foundation for meeting this challenge.

FTA strives to harmonize transportation investment and environmental concerns. The percentage of urban interstate travel that is congested during the daily peak hour increased from 55.4 percent in 1983 to 70.2 percent in 1991. Congestion in the Nation's 50 largest urban areas now costs more than $39 billion annually in lost productivity and fuel costs.

Over the next 20 years, we must improve public transportation if we are to meet the travel needs of all Americans, particularly those residing and working in congested areas. Research on travel needs shows that we cannot meet these needs solely by building roads. In congested travel corridors, we must make transit a more effective alternative to driving a car. This means increased capital investment.

By increasing the amount of Federal capital assistance, transit agencies will be able to modernize their equipment, provide more dependable transit service by replacing older vehicles more quickly, and operate more efficiently by making more timely repairs to older facilities and equipment.

Not only is an increase in capital assistance needed for cities, it is also critical for the environment. Modern buses are manufactured to meet the newer, stricter, clean air standards, another top priority with the President, the Congress, and the Nation.

And increased capital assistance is necessary for the transit rider. For transit agencies to provide service to persons with disabilities, a transit agency needs accessible buses, stations, and rail cars, which means capital expenditures. Moreover, new stations, buses, and rail cars are likely to attract new riders.

Livable Communities

Mr. Chairman, you also asked what specific proposals we could suggest to ensure that transit is an integral part of community and economic development. The recent earthquake in Los Angeles dramatically illustrated to me and the Secretary, and I am sure to you as well, how critical a role transit can play. Overnight, ridership on the Metrolink commuter rail increased from 13,000 per day to 33,000 per day. This vividly demonstrates the importance of transit, and highlights the inherent shortcomings of a region relying extensively on a single mode of transportation.

Our budget request for fiscal year 1995 proposes a new Livable Communities Initiative to be funded within the Section 3 Discretionary Grants Program. For those who lack access to an automobile, are unable to drive, or simply do not want to

drive, options become more limited every day. Americans are now making more auto trips per day than ever before and the trips we are making are increasingly longer. In part, this phenomenon is due to the way we design our cities and suburbs. Regional shopping malls are surrounded and isolated by acres of paved parking, typically do not have transit service, and lack sidewalks to adjacent housing and to roadways where transit might be available. Further, other shopping, health care facilities, and social services tend to locate along highway arterials that likewise lack access for modes other than autos. Such design, oriented only around the automobile, whether conscious or not, discourages access by bicyclists, pedestrians, and transit users.

However, design concepts exist that can accommodate several transportation alternatives. Communities that are designed with a mix of employment, housing, and retail nearby as well as within walking distance of transit stops can increase the number of trips made by mass transit, bicycles, and walking, thereby decreasing single occupant auto trips. Such modal shifts can decrease congestion, reduce air and noise pollution, and improve the general mobility of our population. Locating housing near transit can decrease the need for second or third vehicles. We plan to use $30 million as supplemental funding for transit projects that fully involve the neighborhood, provide access to services such as daycare facilities and convenience stores at the transit facility, and encourage mixed use neighborhoods that include residential, commercial, and office space. In short, the Livable Communities Initiative is designed to encourage land use, urban design and planning that embraces transit use.

CONCLUSION

Mr. Chairman, let me conclude by emphasizing that the Clinton Administration is a strong supporter of mass transit as a vital component of our Nation's infrastructure, as the President's budget amply demonstrates. Budget constraints forced us to make some tough decisions on operating assistance, but this is a difficult time for our Nation and all of us have been asked to make sacrifices—short-term sacrifices that in the long term will make us a stronger Nation. Sacrifices that will help to reduce the deficit choking our Nation and our ability to respond to the needs of our customers—the American citizen.

We have asked transit agencies to join us in the effort by making a small sacrifice in operating assistance and restructuring their budgets to accommodate a large investment in capital assistance. We are asking them to do this at a time when fuel costs have dropped, inflation is low, the cost of debt service is down, and the economy is picking up. Agencies can best restructure their budgets now by offsetting operating assistance with the major capital increase we have proposed, permitting America to rebuild its transportation infrastructure for the next century and making transit an attractive alternative to our congested highways.

Thank you, Mr. Chairman, that concludes my presentation. I stand ready to work with you and Members of the Committee as partners in this process, and will be happy to answer any questions you may have.

PREPARED STATEMENT OF JOHN A. AGRO, JR.

ADMINISTRATOR OF THE MARYLAND MASS TRANSIT ADMINISTRATION

Good morning Mr. Chairman and Members of the Committee. I appreciate your invitation to testify before the Senate Subcommittee on Housing and Urban Affairs to address the proposed fiscal year 1995 budget for the Federal Transit Administration.

Mr. Chairman, as you know, the State of Maryland has a very successful Department of Transportation. The Mass Transit Administration is a modal administration of the Maryland Department of Transportation. Our sister agencies have responsibilities for highways, aviation, toll facilities, ports, and motor vehicles. All transportation services are funded from a dedicated Consolidated Transportation Trust Fund. This fosters intermodal planning and intermodal decision-making. Within Maryland, mobility decisions are indeed transportation decisions, as opposed to highway decisions or transit decisions. It is an objective of the Maryland Department of Transportation to create a "seamless" transportation network. Such a system facilitates uninterrupted transfer from one mode to another. In essence, for years Maryland has taken an intermodal approach to transportation decision making, which is the overriding theme of the U.S. Intermodal Surface Transportation Efficiency Act.

The Maryland Mass Transit Administration funds and provides numerous types of transit service throughout the State. In addition to operating an extensive bus system in the Baltimore area, we also operate a 14-mile Metro between Charles Center in downtown Baltimore and Owings Mills, a recently completed 22.5-mile Light Rail line between Timonium in Baltimore County and Glen Burnie in Anne Arundel County, and our very successful MARC Commuter Rail serving Baltimore, Washington, Northeastern Maryland, and Western Maryland. We also provide capital and operating assistance to smaller urban and rural areas throughout Maryland in support of local and specialized transit services.

Maryland has frequently taken an intermodal approach to projects many years prior to the enactment of ISTEA. In 1971, the city of Baltimore and the State of Maryland jointly decided to withdraw several segments of interstate highways and transfer these funds to build Sections B and C of the Baltimore Metro, and establish a suburban bus system in the Baltimore Area, as well as to fund some highway improvements in the Baltimore area and in Western Maryland. Also, our second section of the Baltimore Metro to Owings Mills was built in the median of the Northwest Expressway (I–795) which saved the Federal Government and the State millions of dollars by combining two important transportation projects in one corridor. With this project, the Maryland Department of Transportation brought to one table the State Highway Administration, the Federal Highway Administration, the Mass Transit Administration, and the former Urban Mass Transit Administration to plan, analyze, and fund these two projects.

Since the Administration published its proposed fiscal year 1995 budget, I have analyzed its impact on transit nationwide, and specifically on the effect such a budget would have on the Mass Transit Administration in Maryland. The proposed fiscal year 1995 will have negative impacts on the transit services and financial responsibilities of the MTA.

Let me respond directly to the four major points put forth in the Subcommittee's letter to me.

What effect will a reduction in operating assistance have on transit authority operations, specifically fare, employment, and service levels?

The Administration's proposed 25 percent reduction in the annual level of Federal operating assistance would limit MTA's responsiveness to our customers. MTA is an efficiently run organizationally in regard to financial management and service delivery. We are mandated by State Law to annually recover 50 percent of our operating costs from farebox proceeds and other revenue, such as from advertising and joint development proceeds. Every dollar cut from the budget equates to a service reduction or a fare increase. Frequently, reductions in transit service yield curtailment and elimination of transit service. This has the effect of driving our ridership down and reducing revenues.

In January, 1993, due to a severe decline in State revenues, MTA was required to reduce its transit operating budget by $7.5 million. This reduction resulted in the system-wide elimination of numerous routes and a reduction in the level of service provided on other routes, as well. In addition, the Mass Transit Administration was required to increase its fares to achieve the 50 percent farebox recovery. In most instances, these were extremely difficult actions to take. Among other things, it made it more difficult for people to get to their jobs, to medical appointments and to make other daily trips.

Specifically, the Administration's budget would reduce fiscal year 1994 appropriation of $10.9 million in Federal operating assistance by $2.8 million. This reduction would require us to eliminate additional transit routes. Preventive maintenance programs would also be scaled back, which could lead to higher operating costs, and capital investments in future years.

It will also limit our ability to expand service to:

1. Add capacity on overcrowded popular services, such as: urban bus service; suburban commuter bus service; MARC commuter rail service.

2. Begin service in new transit markets thereby addressing the needs of the Clean Air Act and Americans with Disabilities Act.

3. Experiment with innovative service packages to broaden the transit ridership base.

Local transit systems in small urban areas (Frederick, Hagerstown, Cumberland, Annapolis) will be effected by the Administration's proposed reduction in Federal operating assistance, as well.

Local transit systems in small urban areas, not only play an important and growing role in providing general transportation, but they also play a predominant role for the segment of the population that is elderly or disabled. In these instances,

transit plays a more personal and direct role in the level of the quality of life that individuals achieve.

Over $3 million in Federal, State, and local funds are annually budgeted for operating assistance for small urban area transit systems. The Administration's budget would result in over one-half million dollars in reduced aid or a 17 percent reduction. These systems cannot absorb nor can the local jurisdictions or State fund this Federal reduction. I can confidently say that for smaller urban areas, increased capital funding, as proposed by the Administration, will not benefit these systems, as would a restoration or increase in Federal operating assistance. If the proposed budget to reduce operating assistance is enacted, the curtailment or elimination of some service provided by small urban transit systems will definitely result.

What effect will a reduction in the Section 3 New Start Systems program have on communities this year, and future transit investment?

The Administration has established infrastructure renewal and expansion to be a major goal of its agenda for transit. However, the reduction of Section 3 New Start Funds seems contradictory to this goal. In Maryland, the capital program for transit includes considerable system preservation and system expansion. These improvements will undoubtedly generate many long-term jobs, as well as provide an infusion of funds into the engineering and construction industry. Furthermore, many of the system expansion projects will result in economic development spin-off, such as joint development around transit and commuter rail stations. This will also provide transit access to job opportunities throughout the State.

Between fiscal year 1994 and fiscal year 1999, MTA plans to spend almost $1 billion on capital projects for its bus, Metro, Light Rail, and MARC Commuter Rail systems. The funding for this program reflects a financial partnership between the local, State, and Federal Governments. Maryland recognizes the potential of transit to enhance mobility between urban centers and within rural areas, to impact development and real estate values, and to improve air quality. Therefore, a decision to expand and enhance transit's role throughout Maryland has been made.

The reduction of Section 3 New Start Funds is of considerable concern to us. The expansion of light rail and commuter rail within Maryland relies on an annual appropriation of New Start Funds. In particular, we are about to enter into a Full Funding Agreement with FTA for three extensions to our successful light rail line in Baltimore the first 22.5 miles of which were funded entirely with State and local funds. Two weeks ago, MTA solicited bids for a Design-Build contract for these three extensions. The prospect of no New Start Funds this year will mean a delay in Federal reimbursement of State funds advanced for the project. My fear, however, is that a continued annual reduction in New Start Funds next year, with no allocation for the light rail project, will result in a much greater impact. No New Start Funds, or an amount less than what is needed next year, could mean a slowing down or halting of certain aspects on the construction of these extensions. This, of course, could result in possible increases in project cost and a delay in project completion.

Repeated deferrals in Section 3 New Start funding will require larger allocations in the out-years of ISTEA. The prospect of receiving such larger allocations, in the final years of ISTEA, will be extremely difficult.

A fiscal year 1995 reduction in New Starts Funds will have a more immediate impact on the ability to move forward with the capital program for MARC—Maryland's commuter rail system—if New Start Funds are reduced.

The Maryland Rail Commuter Service (MARC) is an integral component of Maryland's transportation system. MARC serves as a major means of commuting for over 19,000 people daily and ridership is increasing at the rate of 20 percent per year. MARC is a vital link from Western and Central Maryland to the Washington, DC area. Over 85 percent of MARC's total daily ridership is comprised of trips to the Nation's Capital.

The system requires major physical improvements if its success is to be sustained. It's major problems include a shortage of passenger cars, unreliable older cars and locomotives, and a lack of adequate parking spaces to accommodate riders.

Responding to these problems, the State of Maryland intends to spend approximately $400 million to improve the MARC system over the next 6 years. Improvements will include the acquisition of new passenger vehicles and locomotives, expansion of parking facilities, improvements to stations, and the expansion of service to Frederick and possibly to Southern Maryland. These investments are essential in order to: (a) conveniently serve existing riders, (b) accommodate the potential growth in ridership on existing lines, and (c) expand service into new areas.

There is, however, no guarantee that these improvements will be made. Maryland cannot make this investment without commitment of Federal funding—a major portion of which is to come from the Section 3 New Start category. Over $300 million

in Federal funds will be needed to carry out the improvement program. Over $160 million will be required from the New Start Program alone. Congress has recognized this, and authorized $160 million in New Start Funds when they passed the ISTEA legislation. Again, if we wait until the latter years of ISTEA, the ability to receive the needed appropriations becomes more remote.

At the end of March, Maryland will request bids for the purchase of new bi-level commuter rail cars. The State, recognizing the uncertainty of obtaining New Start Funds has reduced the number of coaches to be purchased. This quantity reduction will result in a higher unit cost, and equally important, the reduced quantity purchased will not provide the needed increase in system capacity to meet the growing patronage and service demands. The State will not be able to move forward with a second purchase of bi-level cars if Section 3 New Start Funds are reduced in fiscal year 19 percent. Also, we will not be able to move ahead with many facility-related improvements, including a MARC maintenance facility and an extension to Frederick.

Why is transit important to communities over both the short and long terms, and how well does the Administration's 1995 transit budget address community needs? Areas of import include, but are not limited to: the environment, local and State economies, transit as an economic development tool, and the impact on individuals.

Transit will play an increasingly important role in transportation management within Maryland. Statewide planning studies project that the population within Maryland will increase in the immediate years and over the long-term. Employment will also increase. This, in turn will cause an increase in transportation trips and place even more demands upon the transportation system. Within Maryland, there are only limited opportunities to build new roads or to widen existing highways.

The challenge, therefore, is to increase the carrying capacity of the existing transportation network. Transit service, whether it is express or local bus, heavy or light rail, or commuter rail, is the method by which this additional transportation capacity will be achieved.

From a social and economic perspective, funds put into transit assist in economic growth and employment. Specifically, a very important criteria of companies considering expanding or locating in an area is the ability of employees and goods to travel to and from the workplace with minimal delay. Transit is inherently effective in managing and controlling traffic congestion. Transit is not only an efficient means of transportation but it has the potential to increase the efficiency of the highway network.

Also, within Maryland there has been a significant growth in the suburban location of companies and service industries. These companies and industries rely heavily on entry level service workers. Traditionally, this is the segment of the workforce that does not have mobility options, and many turn to transit as their only means of reaching their work location.

While the proposed budget increases formula capital funds (Section 9), it does not adequately fund the Discretionary New Start program—the source of funds utilized by transit systems to expand and construct new infrastructure. Maryland will not be able to adequately attract sufficient numbers of commuters to transit unless transit facilities are built that equal or exceed the convenience the automobile provides.

Last, the Administration's proposed reduction in Federal operating assistance will cause reductions or the elimination of transit service. This will result in the inability for a large portion of the entry level and service-related workforce to reach employment. It will cause transit to lose ground in its competition with the automobile, and ultimately, it will result in the decline of ridership and a drop in transit revenue.

What specific proposals can you suggest to ensure that transit is maintained as both an efficient and affordable mode of transportation and as an integral part of community and economic development?

The renewal by Congress of the Intermodal Surface Transportation Efficiency Act (ISTEA), and predictable and adequate funding are the tools by which transit can maintain itself as an efficient and affordable mode of transportation. These actions will enhance transit's role in the community and the impact it can have on economic development.

With the enactment of ISTEA, a level playing field is now possible for highways and transit. ISTEA recognizes that efficient mobility systems require both highways and transit. The flexibility in the use of highway and transit funds for either mode, is the method by which this balanced infrastructure can be achieved. Key to achieving this balance, however, is maintaining an appropriate and predictable level of Federal operating and capital funding for transit. To this end, it is essential that

funds which have been authorized in ISTEA are actually appropriated at the authorized level.

Moreover, many needed capital initiatives require multi-year funding commitments by the Federal Government. A mechanism is needed to secure these commitments. For example, the procurement of commuter rail equipment must be funded over a period of several years because of the magnitude of the investment required. In this instance, the State has proceeded in a cautious manner to commit its funds, in fear that Federal funds will ultimately not be appropriated. As a proposal, we are recommending that Federal agencies be more willing to execute Full Funding Agreements for large multi-year procurements so that Congress can adequately allocate funds for these major projects.

It is only with improvements such as these that the needed infrastructure improvements needed to increase transit utilization and to establish a more balanced, and environmentally sound transportation system, can be achieved.

I appreciate the opportunity you have given the State of Maryland to comment on this important budget proposal and stand ready to provide testimony or additional information to the Subcommittee during the budget process.

PREPARED STATEMENT OF MEL SUNDERMEYER

Director, Division of Transportation

Missouri Highway and Transportation Department

I am pleased by the Committee's interest in and concern for continued operating assistance for transit, and I thank you for the opportunity to address the Committee. I am Mel Sundermeyer, director of the Transportation Division of the Missouri Highway and Transportation Department.

At a time when Missouri is evaluating its transportation system and recognizing the efficiencies, and indeed the necessity, of using several transportation modes for moving people and goods, cuts in Federal operating assistance for transit systems would be extremely damaging.

St. Joseph, Missouri, is a pointed example. This is a city of more than 70,000 people. The public bus system depends upon Federal operating assistance for nearly 45 percent of its operating costs—very nearly half of its total operating budget. The system has few administrative personnel; therefore, any cuts in operating dollars will directly reduce service on the street. We believe the 25 percent, first-year cuts initially proposed would cripple service by forcing St. Joseph to end Saturday bus service and reduce weekday routes by as much as half.

Columbia, comparable in population to St. Joseph, draws more than one-third of its operating budget from Federal assistance. Saturday service almost certainly would cease in Columbia, and Columbia may be forced to consider cuts in weekday routes, also.

Reductions in transit services diminish the quality of life and the economic independence of those who rely on public transportation to get to work, those unable to drive, and those who seek a more efficient alternative to traffic congestion.

Other arguments also reinforce the importance of public transportation—arguments that are founded on actions taken by Congress. In ISTEA, Congress specifically increased the flexibility of Federal transportation funds and sent the clear message that States should consider using some Federal funds for highway *and* public transit capital needs. Congressional support for flexible funding to enhance transit systems absolutely conflicts with a discussion of reductions in operating funds. Capital improvements will be futile unless there are operating funds to keep these systems running.

Transportation in Missouri's larger urban areas, also, would suffer from Federal cuts. The Metrolink light rail system serving the St. Louis area, still in its infancy, already has proved itself with ridership that exceeds the expectations of even its most ardent supporters. Residents on the Illinois side of the St. Louis area recently approved a new local tax to match Federal funds so the commuter rail can be extended to their area. Proposed cuts in Section 3 New Starts money would jeopardize funding for construction of this new extension into Illinois—the extension that local citizens supported by voting to tax themselves to provide local match.

While the interest in building new routes on the St. Louis area light rail system grows, the transit authority already struggles to find enough operating money to keep the new light rail and its buses running. Cuts in Federal operating assistance would be devastating.

Kansas City, in the midst of a transportation feasibility study of a light rail system, also could be denied future funding if Section 3 New Starts cuts were enacted.

The urban areas perhaps face a situation that smaller cities and rural areas do not yet experience. Clean air concerns, among other factors, will make highway construction increasingly difficult in our large cities. We must support transportation options that allow mobility and help solve environmental problems. I realize this is a long-term goal, but we cannot afford to falter at this critical time, as we are working to address these environmental concerns.

I must add that Missouri transit systems already are absorbing several new operating expenses without the benefit of additional money. New paratransit mandates in the Americans with Disabilities Act and a new program for employee drug testing are notable examples. I am here today to strongly support continued Federal transit operating assistance. Federal operating funds allow these important services to survive as part of a comprehensive transportation network.

PREPARED STATEMENT OF RICK SIMONETTA

GENERAL MANAGER, METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY & VICE CHAIRMAN OF THE AMERICAN PUBLIC TRANSIT ASSOCIATION

INTRODUCTION

Mr. Chairman and Subcommittee Members, thank you for giving the American Public Transit Association (APTA) the opportunity to testify on the Clinton Administration's Fiscal Year 1995 Federal Transit Administration budget proposal. Mr. Chairman, I want to express my personal appreciation to you for your extensive efforts to promote investment in the Nation's public transportation infrastructure and more recently for your visible support of maintaining transit operating assistance.

I am Rick Simonetta, Vice Chairman of the American Public Transit Association (APTA) and General Manager of the Metropolitan Atlanta Rapid Transit Authority in Georgia. APTA represents U.S. transit systems that provide some 97 percent of our Nation's mass transit services. APTA's membership also includes manufacturers and suppliers who provide goods and services to the industry.

My testimony today focuses on the adequacy of the Administration's Fiscal Year 1995 transit budget request, and specifically addresses the potential impacts of the Administration's proposed 25 percent cut to transit operating assistance and 40 percent reduction in funding for the Section 3 New Starts and Extensions program. I will also discuss findings from a recent APTA study which shows that the current level of U.S. transit expenditure is far short of the amount needed to successfully carry transit into the 21st Century.

Understandably, our testimony today focuses on areas of the Fiscal Year 1995 budget request where we disagree with the Administration. These disagreements are serious and important to our industry. Before turning to the areas of disagreement, however, it is extremely important that we identify loudly and clearly the many areas on which we are in concert with the Administration.

First, we truly believe the Clinton Administration is "Pro-Transit" and that it recognizes the key role transit can play in achieving important national objectives. For proof, we need look no further than last year's budget proposal which led to a major 22 percent increase in the transit program.

In addition, we have great respect for the Clinton Administration "team" that works on transportation and transit related issues. This is especially true of Secretary of Transportation Federico Peña who came to our Legislative Conference just 2 weeks ago to explain the rationale behind the Administrations budget proposal. As the Secretary said in that speech, "since we agree on so much, it's important that we communicate well on issues where we disagree."

And, we certainly have the highest respect for Gordon J. Linton, the Clinton Administration's Federal Transit Administrator. He has brought a fresh outlook and new dimension to the FTA, and we look forward to working productively with Administrator Linton to strengthen the transit program.

THE ADMINISTRATION'S FISCAL YEAR 1995 FEDERAL TRANSIT BUDGET REQUEST

The Administration's Fiscal Year 1995 budget would increase the Federal transit program by about 4 percent, from $4.6 to $4.8 billion. The Administration's budget would cut the Section 9 operating assistance limit to all urbanized areas by 25 percent from $802 million to $600 million. At the same time, however, the overall formula program would climb 19 percent from $2.4 to $2.9 billion. The formula program would be reallocated in the following manner: Section 9 urbanized area funding would rise 19 percent from $2.2 billion to $2.6 billion; Section 18 rural funding would increase 19 percent from $130 million to $154 million; and the Section 16(b) elderly and disabled program would increase 4 percent from $59 million to $61 mil-

lion. The budget specifies that 10 percent of Section 9 urban formula grants can only be available if the grantee certifies the funds will support congestion mitigation projects.

New Starts Cut by 40 Percent

The Administration's budget proposal would cut the Section 3 discretionary program by 15 percent from $1.8 billion to $1.5 billion. The President proposes to cut New Starts and Extensions by 40 percent from $668 million to $400 million. Only those New Start and Extension projects with full funding grant agreements would be funded under the proposed budget. The Bus program would also be cut by 8 percent from $357 million to $327 million, and the fixed guideway modernization program would be funded at $760 million, the same level as Fiscal Year 1994. The budget would provide $30 million of discretionary funding for a new Livable Communities Initiative to fund projects in urban and rural areas. The President's budget would freeze funding for Planning and Research and University Centers; would increase by 9 percent funding for FTA Administration; and cut by 14 percent interstate transfer funding.

ISTEA: A REASONABLE SPENDING BLUEPRINT

Before we can assess the adequacy of the Administration's budget request we must have a reasonable starting point. Certainly many in the transit industry would argue that a reasonable yardstick is the year 1981 in which the Federal transit program reached a peak level of funding at $4.6 billion, or $7.8 billion in today's dollars. This group would assert that the transit program has not kept pace with inflation and that therefore the Administration's budget proposal is $3.2 billion short of the amount needed to effectively run the Nation's transit systems.

Others would use as a starting point a comparison between the ratio of funding received for highways to transit. They would argue that if the ratio of highway to transit funding remained constant since 1981, that the transit program should be funded at a level of $8.6 billion today, $4 billion more than the Clinton proposal.

Still another baseline is the Intermodal Surface Transportation Efficiency Act of 1991, better know as ISTEA. Virtually every Member of the Housing and Urban Affairs Subcommittee voted for ISTEA at the time it was considered, and it is a very reasonable blueprint for how transit should be funded over the next few years. I will talk more later about a recent APTA survey which shows that transit capital and operating needs well exceed the amounts authorized in ISTEA in the years ahead.

ISTEA created a carefully balanced program designed to meet the transit needs of urban, suburban, and rural areas in every part of the country. With overall capital requirements of $15 billion per year and growing operating budgets to meet new demands for service, the transit industry needs full funding of ISTEA capital and operating programs to carry out nationwide investments that will enhance mobility, improve productivity, and meet national environmental, energy, and accessibility goals.

THE ADMINISTRATION BUDGET INADEQUATELY FUNDS TRANSIT COMPONENTS OF ISTEA

How does the Administration's Fiscal Year 1995 budget proposal compare to ISTEA? Despite extensive statements that the Administration's budget fully funds ISTEA, the reality is that the Clinton proposal only fully funds certain portions of ISTEA—specifically the highway program. The Administration's Federal transit proposal at $4.6 billion is $563 million or 11 percent short of the full-funding pledged in ISTEA (this excludes funding for the Washington Metropolitan Transportation Authority which is funded at its authorized level), whereas the Highway program is funded at 99 percent of its authorized level.

Formula Funds and Operating Assistance

The Administration's budget also claims that it fully funds the Section 9 formula program and this is true to a certain extent. The Administration's proposal does provide the authorized funding level for the overall Section 9 formula program, but it does so by reducing the urbanized area operating limitation within the overall program. The Administration's budget proposes to reduce operating assistance under the Section 9 Formula program by more than 25 percent below the Fiscal Year 1994 level—from $802.3 million to $600 million.

ISTEA authorizes $1.1 billion for operating assistance in Fiscal Year 1995. The Administration level of operating assistance would not even fund annual estimates of operating costs related to the Americans with Disabilities Act ($693 million), federally required drug and alcohol testing ($44 million), and Clean Air Act fuel costs ($57 million).

Section 3 Major Capital Investments

The President's Fiscal Year 1995 budget request also does not meet funding needs under the Section 3 program. The President's proposal would cut funding for New Starts and Extensions by 40 percent, and would preclude funding for projects that will receive full funding grant agreements, or Congressional approval between now and the end of 1995. Adequate funding for the Section 3 grant program is essential to meeting needs associated with major capital investments beyond the normal replacement and maintenance of existing facilities and rolling stock.

Administration Rationale

The Administration has asserted that its decisions to fully fund the formula capital program, but not the operating program, and to reduce funding for the New Start program was based on a strategic decision to get the most out of Federal dollars. Administration officials have stated that the recommendation to cut operating aid was not based primarily on outlays constraints.

I would note, however, that our analysis indicates that first year outlays under the President's budget are some $90 million below those produced under appropriations for Fiscal Year 1994. I must also question an investment strategy which dramatically cuts funding for one of transit's major capital investment programs (Section 3 New Starts). The New Starts program is very valuable because it funds major capital investment when it cannot be paid for out of normal formula capital distributions. Investment in transit New Starts provides many economic benefits including enhanced productivity, job creation, and efficient land development. In short, the New Start program represents transit's future, and if all but a few New Starts are brought to a halt transit's role in the Nation's transportation system will be frozen in time.

Administration Proposal Distorts Funding Balance

Congress designed ISTEA to meet the widely varying needs of urban, suburban, and rural communities throughout the country. When funding does not follow this balance of programs, communities have a difficult time planning how to fund their transit needs.

Until transit programs are fully funded at ISTEA-authorized levels, there should be a fair and equitable balance between the formula programs (Section 9 and 18) and the Section 3 major capital investment program. To meet this equity test, funding should be consistent with the authorized program funding ratio of $1.36 in formula funding for every $1 in Section 3 funding. The Fiscal Year 1994 appropriation for the first time in several years achieves the equity test between Section 9 formula and the Section 3 discretionary program. However, the President's Fiscal Year 1995 budget request would not maintain this equitable funding relationship established in Fiscal Year 1994 appropriations because it would cut funding for the Section 3 program well below the authorized level and even the Fiscal Year 1994 level. ISTEA also established a 40/40/20 Section 3 equity ratio between the New Starts, Rail Modernization, and Bus programs and the Administration proposal would distort this balance by spending too little on New Starts.

CONSEQUENCES OF CUTTING TRANSIT OPERATING ASSISTANCE

The American Public Transit Association strongly opposes any reduction in Federal transit operating assistance. ISTEA created a carefully balanced program to meet the transit needs of metropolitan and rural areas. Full funding of each individual transit program—including operating assistance—is essential to serve people who depend on transit and help solve the Nation's congestion and pollution problems.

While Federal aid is about 5 percent of operating revenue for all transit systems, it's critical because budgets have been cut to the bone for years. In smaller metropolitan areas, Federal aid often represents 30 to 40 percent of operating revenue. State and local governments have increased operating aid by more than 164 percent since 1981 and they cannot continue to make up the difference for Federal operating cuts.

Survey Results

In a recent survey of APTA members, seven out of ten transit systems stated that they would be forced to raise passenger fares to make up for a proposed $202 million cut in Federal operating assistance. These systems would increase fares by an average of 23 percent. The survey found that some transit agencies would be forced to reduce services, fire employees, and postpone needed maintenance and improvements.

Fare Increase Size Could Be Significant

To make up for the loss that a 25 percent cut in operating aid would entail, fares would have to rise at a percentage significantly greater than the share that the operating assistance cut comprises of a transit system's budget. This is because the amount of revenue derived on an aggregate basis by all transit systems from the fare box is only 39 percent. This means that fares must be increased by a disproportionate amount to make up for loss of operating aid. APTA research also shows that when fares are increased by 10 percent ridership decreases by 4 percent, and this, of course, further reduces operating revenue.

To illustrate the effect that a 25 percent operating assistance cut could have on fares, let me give you an example from my own system MARTA in Atlanta and from the system in Senator Bond's district in St. Louis, Missouri.

MARTA will receive $5.4 million in Federal operating assistance in Fiscal Year 1994. The Administration's proposed reduction in operating assistance would mean that MARTA would lose $1.4 million in operating revenue. My concern is that this is coming at a time when we are faced with increasing "unfunded" Federal mandates. Using just the American with Disabilities Act's mandates for complementary paratransit service, MARTA expects the operating costs of this program to increase from $1.9 million in Fiscal Year 1994 to $3.7 million in Fiscal Year 1995. This is an increase of $1.9 million in operating costs at a time when Federal assistance is being cut by $1.35 million. Just this simple computation reveals that we will have to increase fares or cut service to the tune of $3.2 million, and we have not even begun to calculate increased operating costs in other areas such as labor costs, cost of benefits, and other Federal mandates such as the Clean Air Act.

In Fiscal Year 1992, the St. Louis, Bi-State Development Corporation's operating revenue totaled $92.9 million. Of this, Federal operating assistance accounted for 10.7 percent or $9.9 million, and passenger fares 24.8 percent or $23 million. If operating assistance were cut by 25 percent, the system would lose $2.5 million or 2.7 percent of its operating revenue. Since this loss of funding represents 11 percent of passenger fares, the agency could be forced to increase fares by 11 percent in order to make up for the loss.

The amount of fare increases in the examples above could be somewhat higher because the estimates do not account for the loss in revenue that occurs because of fare increase elasticities mentioned earlier. Certainly, not every U.S. transit system would be forced to increase fares. Some could choose other options such as reducing service, laying-off employees, increasing State and local assistance, or a combination of all of these steps. However, these options are not feasible for many transit systems, and they would have to resort to fare increases alone.

Increased Formula Capital Will Not Lead to Operating Savings

The Administration asserts that transit systems will be able to absorb the operating cuts with the additional formula capital funds that they propose. However, this is not possible for two reasons. First, although APTA enthusiastically supports the Administration's proposal to increase Section 9 capital by $624 million, to take advantage of this, transit systems must come up with additional matching funds of $156 million. If transit systems are forced to find an additional $202 million in operating aid, it will be extremely difficult for many of them to also find local funds to take advantage of the opportunities offered by new capital assistance. Second, the Administration has intimated that the purchase of new rolling stock would reduce maintenance and operating costs and thereby offset the loss of operating assistance. However, new buses with cleaner emissions and wheelchair lifts are not as fuel efficient as the older vehicles, and reduced maintenance costs will not nearly compensate for a 25 percent cut in Federal operating aid.

Unfunded Mandates

A cut in transit aid also will make it difficult for public authorities such as MARTA to meet ever-increasing Federal mandates. From 1980 through 1994, operating assistance declined 59 percent in real, inflation-adjusted terms. Yet unfunded Federal laws add to transit operating costs. The Americans with Disabilities Act (ADA) will add at least $693 million in paratransit operating costs annually for the next 5 years. Each year, Clean Air Act fuel mandates will cost $57 million and federally mandated drug and alcohol tests will cost $44 million.

Increased Traffic Congestion

A reduction in Federal transit aid will also mean a decrease in transit ridership, and this will deal a heavy blow to national efforts to reduce traffic congestion, and conserve fuel energy. Urban traffic congestion alone costs the Nation more than $59 billion in wasted time and productivity, but as people learn to leave their cars at

home and take public transportation, gridlock on the roads will be lessened. Each commuter who switches from solo driving to transit for a year will save 200 gallons of gas and prevent more than 75 pounds of pollutants from being dumped into the air. Gasoline prices are continuing to drop to their lowest real price in more than 40 years, and if operating aid is cut and transit fares go up, people will have more incentives than ever to commute alone by car.

Consequences of Cutting Operating Assistance for the Transit Dependent

Operating assistance cuts will harm many low-income people, senior citizens, students, and people with disabilities who depend on transit because they have no alternative form of transportation. From 1980 through 1992, fares went up 43 percent, adjusted for inflation.

Ironically, the Administration proposes to slash operating assistance to fund other priorities that will help the low income, like better health care and expanded job training programs. This overlooks the fact that by cutting transit operating assistance, people with limited incomes will have a harder time getting to a hospital, a clinic, or their job. If the Administration really wants to "empower" the low income, it needs to *increase* funding for transit operating assistance and other public transportation programs.

Economic Consequences

Cuts in transit assistance will also harm the economy by increasing unemployment at a time when economic recovery seems to be at hand. Studies show that transit operating assistance supports about 30 percent more jobs than does capital funding. If Federal aid is cut by 25 percent, transit agencies across the Nation may be forced to consider layoffs.

CONSEQUENCES OF CUTTING NEW STARTS

The Administration's proposal to cut Transit New Starts and Extensions by 40 percent would deal a devastating blow to current plans to improve and expand light and heavy rail systems, Streetcar and ferry service in several cities and jurisdictions across the Nation including: Baltimore, St. Louis, Philadelphia, Seattle, Dallas, Los Angeles, Sacramento, San Diego, New Orleans, Chicago, New York, the State of Maine, Miami, Orlando, Jacksonville, Cleveland, Pittsburgh, Cincinnati, Kansas City, the State of Virginia, the State of New Jersey, the State of Wisconsin, Boston, Charlotte, N.C., Altoona, Pennsylvania, and Chattanooga, Tennessee. These project are vital to freeing up local traffic congestion, providing jobs, and enhancing local economic development.

The Clinton Administration proposal to limit New Starts to projects that have full funding grant agreements is shortsighted because it would mean that more than two out of every three New Start and/or Extension projects authorized in ISTEA would not get funded. MARTA, my own system, currently has three projects that were authorized under ISTEA, but do not yet have full funding grant agreements. These projects include the Atlanta North Line Extension where we are already involved in the process of seeking a full funding grant agreement. This project runs through the fastest growing corridor in the Atlanta region and is vital to accommodate increasing demand for public transportation to transport workers from the Central City to jobs in this corridor. We are concerned, however, that the budget proposal would not even give us an opportunity to get a full funding grant agreement or other funding commitments for this project for at least the next 18 months.

TRANSIT FUNDING NEEDS AND CHALLENGES

A new study finds that current funding for U.S. transit systems is inadequate to successfully carry transit services into the 21st Century. According to the study, U.S. transit agencies will need $38 billion annually in total funding from 1995 to 1999. The funds are needed to maintain current service and complete service expansion already under way.

The amount includes an annual average of $22.7 billion for operations and $15.3 billion for capital investments. Funds are from all sources: fares, other earnings, local assistance, State assistance, and Federal assistance. The amounts are in current dollars and are not adjusted for inflation.

The $38 billion annual need is $15 billion greater than total transit revenue in 1993. Transit funding needs will increase because the demand for transportation in local communities is growing and the quality of transportation provided must be improved. Federal mandates for service provision under the Americans with Disabilities Act will make transit service available to new riders; mandates under the Clean Air Act will enhance transit's contribution to emissions reduction contrasted with other transportation modes; and drug and alcohol testing mandates under the

Omnibus Transportation Employee Testing Act will improve transit's enviable safety record.

Increased funding for transit is also needed to provide a viable transportation alternative to clogged roads. Transit improves mobility, reduces air pollution, saves energy, improves economic productivity, reduces disruptive traffic in neighborhoods, allows more efficient land use, and increases the mobility of women, children, senior citizens, people with disabilities, economically disadvantaged persons, and anyone who is unable to or chooses not to drive.

Authorization Level Increases Sharply in Fiscal Year 1997

In recognition of increasing funding needs, ISTEA envisions a sharp increase in the overall transit program in Fiscal Year 1997. Under ISTEA the program would jump from a total of $5.1 billion in Fiscal Year 1996, to $7.3 billion in Fiscal Year 1997, an increase of 40 percent. The Administration's proposal would not make any progress toward this goal. If we are to reach the funding level envisioned in ISTEA then we must move toward fully funding the transit program.

CONCLUSION

In conclusion, the Clinton Administration's transit budget proposal does not adequately meet current and future transit needs. Transit systems appreciate the Administration proposal to increase Section 9 urban capital, but most will be unable to benefit from the increase with a 25 percent cut to the operating assistance limitation. Transit operators cannot afford to buy buses and other capital equipment that they cannot afford to operate. A 25 percent cut to Federal operating assistance would force fare increases, result in service cutbacks and reduction, force several transit agencies to shut down, harm the low income and other transit dependent, increase traffic congestion, force layoffs and impede economic development.

In addition, the Administration proposal to cut transit New Starts and Extensions is shortsighted, and will also impede progress on expanding transit service. It is imperative that the Congress increase funding for the Federal transit program, at least to the levels envisioned in ISTEA without cutting funding for transit operating assistance. Thank you for your support.

PREPARED STATEMENT OF JIM LA SALA

INTERNATIONAL PRESIDENT, AMALGAMATED TRANSIT UNION

Mr. Chairman and Subcommittee Members, thank you for giving the Amalgamated Transit Union (ATU) the opportunity to testify on the impacts of the proposed Federal Transit Administration's (FTA) budget for 1995.

My name is Jim La Sala and since 1985 I have served as International President of the Amalgamated Transit Union. Our organization represents some 160,000 employees in the urban mass transit, over-the-road and school bus industries in 46 States with over 250 local unions. Our members work for both public and private transit service providers in a wide-range of urban, suburban, and rural settings providing fixed route, para-transit and other specialized services to our Nations' citizens.

We operate both bus and light-rail services in such diverse communities as Baltimore, Boston, Las Vegas, Los Angeles, Chicago, Hartford, St. Louis, and Kansas City, Jacksonville, Wilmington and Raleigh, North Carolina.

For over 30 years, we have worked with this Committee, the Congress and the Department of Transportation to help shape and develop an effective mass transportation program that responds to our changing transportation and mobility needs.

Most recently, we were involved with this Committee and the Congress in developing the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA/91), the current program designed to maintain and expand our transit systems with new provisions for comprehensive transportation planning, and expanded funding flexibility with respect to system choices to ensure that our communities are able to respond to their various transit needs.

Today, we are deeply concerned that the system so carefully designed may weaken because of certain funding choices pending before the Congress. We certainly recognize that the Clinton Administration has submitted a mass transportation budget that builds on last year's significant funding increases. Yet, as last year's 22 percent increase in transit funding targeted the capital program, the Congress wisely fended off efforts that year to reduce operating assistance below $802 million.

While this year's proposal seeks to fully fund the capital portion of both the Federal Highway and transit formula programs, it would seriously slash transit operat-

ing assistance by 25 percent from $802 to $600 million. Overall the budget for mass transit would rise 4 percent from $4.6 billion to $4.8 billion, but because of the loss in operating aid, the increase is deceptive and would produce significant negative impacts.

If implemented, this proposal would have disastrous effects in the transit industry by causing significant reductions in service, drops in ridership, fare increases, and potentially thousands of layoffs among the 200,000 transit employees in virtually every large and small urban, suburban and rural community in America.

As operating assistance has remained frozen since 1985, the transit industry has struggled just to keep up with growing demands while at the same time facing millions of dollars in new costs imposed by mandates such as the Americans with Disabilities Act, the Clean Air Act and Federal drug and alcohol testing.

This ill conceived proposal to reduce operating assistance would, if approved, lead to an immediate downward spiral in the quality and availability of reliable public transportation, as well as the loss of good-paying jobs, while undermining this Administration's publicly expressed position to stimulate job growth and improve our competitiveness through greater investment in our transportation infrastructure.

Historically, we know that as operating revenues decline as they did in the 1950's and 1960's from post war ridership declines, maintenance is the first to go. Thirty years ago this placed all of our systems in jeopardy. The then private companies barely scraped by to provide service. It was only with the advent of the Federal program that we were able to rescue our private systems and improve ridership with the creation of newly formed public agencies. We now fear the Administration's proposal could again take us down this unfortunate path.

As we enter Fiscal Year 1995, every system now faces increased operating costs, arising from Federal mandates and other maintenance and service needs that are likely to equal or exceed their existing Federal operating assistance revenues. It is beyond dispute that the operating expenses necessary to comply with the Americans with Disabilities Act (exceeding $675 million a year), Clean Air Act (exceeding $100 million per year), and the recently issued drug and alcohol testing requirements (exceeding $42 million a year), will easily surpass the current $802 million in operating assistance now provided.

Reports from our locals confirm the results of the American Public Transit Association's (APTA) recent survey of some 120 systems (copy attached) that nearly 7 out of every 10 public transit systems would have to raise fares to make up for the 25 percent reduction. In addition, 83 percent of the surveyed systems indicate the cuts would produce service reductions. Three quarters of the transit properties indicated layoffs exceeding 15 percent, and that these systems would be forced to defer safety and maintenance.

Figures released by APTA and the FTA indicate that Federal operating assistance losses in Maryland would exceed $2.6 million; in Massachusetts $2.6 million; in California $27 million; in Nevada $208,000; in Illinois $13.5 million; in Connecticut $2.8 million; in Missouri $4.1 million, in Florida $10 million; Delaware $488,000; in North Carolina $1.8 million and in New Mexico $410,000.

To assist in your review of these cutbacks, I have attached a detailed State by State, city by city breakdown as compiled by APTA and the FTA.

We believe the Congress must redirect its Federal mass transportation funding to maintain operating assistance at no less than $802 million and work toward the authorized level of $1.3 billion.

It should also be noted that as the percent of Federal operating aid has declined from 17 percent in 1980 to just 6 percent of overall revenue in 1992, State funding for transit operations has risen steadily from 40 percent in 1980 to almost 52 percent of revenue in 1992. Now States, reeling from a multitude of fiscal pressures, provide almost 90 percent of all transit operating assistance. They cannot and should not be asked to bear an even greater burden.

Also, under present estimates, we expect transit layoffs and job losses to range from 10,000 to 15,000. This number could rise significantly if service cut-backs interfere with established commuting patterns and workers' abilities to reach existing employment destinations.

The need is clear and the consequences of failing to provide sufficient funding are ominous.

We recognize that in recent years efforts to maintain or secure increases in Federal operating assistance have had to overcome pressures to limit those funding levels in the face of the increasing Federal deficit, the fast pay-out schedule for operating assistance, and competition from the ever-present capital needs programs. To respond to these concerns and to enable transit to meet its enhanced ADA, environmental and safety obligations, we have proposed the creation of a "Transit Safety, Service and Standards Fund" for the specific purpose of making Federal operating

assistance available to help offset the new costs faced by transit grant recipients from these new Federal mandates.

The "Safety" aspect of this provision is designed to specifically address the new drug and alcohol testing requirements. The "Service" component would be used to support the operational expenses required to implement the new ADA service mandates and the "standards" portion would be used to address the operational needs for installing and maintaining the equipment required to meet the new standards imposed by the Clean Air Act.

We believe designating a portion of the current or increased operating assistance in this fashion would create a stronger political and substantive basis for providing the necessary funding levels to ensure that our transit systems continue to perform as we expect. Attached hereto is a Policy Brief which discusses this proposal in detail. We are ready, of course, to work with this Committee and the Congress to help shape this approach to place operating assistance on a firmer footing with a clearly defined purpose and impact.

Mr. Chairman, the ATU has always been prepared to do its part and we have approached our annual round of contract negotiations mindful of the economic pressures facing our Nation's communities. At the same time, of course, we remain steadfast in our commitment to the well-being of our members who bear the enormous responsibility of transporting our family and friends to work, to shop and to visit their neighbors. Indeed, wage increases which over the last 3 years averaged just under 3 percent annually have barely served to keep our members standard of living in line with cost of living increases and the increasing costs of health care, which our transit systems help make available to millions of Americans.

My final message is simple and direct. It makes no sense to have buses that cannot run, systems that need repair, and service needs that go unmet because of a lack of operating dollars. Yes, we must continue our capital investments, but if transit is to fulfill its promise to bring renewed economic growth to our cities, link suburban and rural areas, and ensure that we meet our environmental and mobility needs, sufficient funding is needed now. I am afraid that what we may lose today cannot be recaptured tomorrow.

In closing, Mr. Chairman, I wish to again emphasize our willingness to work with you, this Committee and the Congress to ensure that our Nation's mass transit programs are maintained at the highest and safest standards.

Again, thank you for the opportunity to appear here and would be pleased to answer any questions.

CITY BY CITY IMPACTS OF

TWENTY-FIVE PERCENT TRANSIT OPERATING

ASSISTANCE CUTS

Amalgamated Transit Union
Contact: Robert A. Molofsky
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Aftershock!

Likely consequences of a 25 percent cut in federal operating grants to local transit systems

This is a summary of the results of a survey of U.S. public transit systems on the likely effects of a 25% cut in federal operating grants.

-- Major Findings --

o Nearly nine in ten (88 percent) indicated that they would be forced to either: (1) increase fares; (2) reduce service; and\or (3) lay-off employees in order to make up for the funding shortfalls that an operating cut would entail.

Fare Increases

o Seven in ten indicated that they would be forced to increase fares.

o On average the respondents would increase fares by as much as 23 percent. For example, in the event that the Administration's proposal was enacted, a $1.00 fare could jump to about $1.25.

o For many smaller systems fares could jump by 30 to 40 percent. This is because federal aid accounts for a large share of their operating income.

Service Reductions

o 83 percent indicated the proposed cut in operating assistance would force them to reduce service to passengers. Cutbacks would be particularly devastating in smaller cities. On average the transit systems indicated that they would reduce service by 17 percent.

Lay-offs

o Three quarters of the systems that responded (76 percent) indicated that they would be forced to lay off employees. The survey results show that layoffs could average 15 percent.

State and Local Assistance

o Almost all respondents (90 percent) indicated that they would not be able to make up for a loss of federal operating grants with additional state and/or local funds.

Capital and Maintenance Deferrals

o Three quarters (66 percent) would be forced to defer maintenance and the purchase of new vehicles. This would be especially problematic for smaller systems

Note: Findings based on responses by 120 transit systems

Column K Reports Percent Fares Must Increase to Replace a 25 Percent Reduction in Federal Operating Assistance (Does Not Account for Lost Riders Resulting from Fare Increase)

State	City	Transit System	Total Operating Revenue	Passenger Fares Including Special Fares	Fares as Percent of All Revenue	Federal Operating Assistance	Federal Asst. as Percent of All Revenue	25 Percent Federal Operating Assistance Reduction	25 % Fed. Asst. as Percent of All Revenue	% Fare Increase to Equal Fed. Oper. Asst. Cut
(A)	(Column B)	(Column C)	(Column D)	(Column E)	(Col F)	(Column G)	(Col H)	(Column I)	(Col J)	(Column K)
		Total of Entire Sample	15,665,503,148	6,156,794,961	39.8%	773,287,008	4.9%	193,321,752	1.2%	3.2%
AK	Anchorage	Municipality of Anchorage Transit Sy	10,964,231	1,756,505	16.0%	880,884	8.0%	220,221	2.0%	12.5%
AL	Mobile	Mobile Transit Authority	4,250,433	1,211,123	28.5%	1,580,503	37.2%	395,126	9.3%	32.6%
AL	Montgomery	Montgomery Area Transit System	3,119,149	1,061,038	34.0%	988,256	31.7%	247,064	7.9%	23.3%
AL	Birmingham	Birmingham-Jefferson County Transit	12,623,346	3,793,478	30.1%	2,748,320	21.8%	687,080	5.4%	18.1%
AR	North Little Ro	Central Arkansas Transit Authority	5,026,854	1,465,505	29.2%	1,635,896	32.5%	408,974	8.1%	27.9%
AZ	Glendale	Glendale Dial-A-Ride	1,028,946	91,038	8.8%	139,893	13.6%	34,973	3.4%	38.4%
AZ	Phoenix	City of Phoenix Public Transit Syste	45,723,239	12,846,464	28.1%	4,826,519	10.6%	1,206,630	2.6%	9.4%
AZ	Tucson	City of Tucson Mass Transit System	21,575,910	5,040,555	23.4%	1,647,689	7.6%	411,922	1.9%	8.2%
AZ	Phoenix	Regional Public Transportation Autho	2,559,586	625,294	24.4%	72,987	2.9%	18,247	0.7%	2.9%
AZ	Phoenix	Phoenix Transit System	35,747,116	12,156,458	34.0%	0	0.0%	0	0.0%	0.0%
AZ	Scottsdale	Scottsdale Connection	310,680	43,697	14.1%	0	0.0%	0	0.0%	0.0%
CA	Yuba City	Yub Area Transit Authority	992,101	178,972	18.0%	397,229	40.0%	99,307	10.0%	55.5%
CA	Davis	University Transport System	1,899,121	351,531	18.5%	624,174	32.9%	156,044	8.2%	44.4%
CA	Fairfield	Fairfield/Suisun Transit System	1,290,247	248,561	19.3%	352,200	27.3%	88,050	6.8%	35.4%
CA	Oxnard	South Coast Area Transit	5,220,250	1,253,885	24.0%	1,377,770	26.4%	344,443	6.6%	27.5%
CA	Santa Rosa	Santa Rosa Transit	3,431,771	775,790	22.6%	708,533	20.6%	177,133	5.2%	22.8%
CA	Stockton	Stockton Metropolitan Transit Distri	9,830,755	1,642,036	16.7%	1,352,191	13.8%	338,048	3.4%	20.6%
CA	Santa Barbara	Santa Barbara Metropolitan Transit D	8,333,822	3,067,396	36.8%	2,000,000	24.0%	500,000	6.0%	16.3%
CA	Bakersfield	Golden Empire Transit District	7,844,890	1,501,093	19.1%	956,927	12.2%	239,232	3.0%	15.9%
CA	San Bernardino	Omnitrans	19,520,466	4,199,609	21.5%	2,554,236	13.1%	638,559	3.3%	15.2%
CA	Riverside	Riverside Transit Agency	11,827,438	2,357,429	19.9%	1,390,455	11.8%	347,614	2.9%	14.7%
CA	Monterey	Monterey-Salinas Transit	8,179,522	2,430,503	29.7%	1,353,568	16.5%	338,392	4.1%	13.9%
CA	Concord	Central Contra Costa Transit Authori	14,821,443	2,363,727	15.9%	1,234,197	8.3%	308,549	2.1%	13.1%
CA	Fresno	Fresno Area Express	15,123,334	4,032,339	26.7%	1,573,745	10.4%	393,436	2.6%	9.8%
CA	Oceanside	North San Diego County Transit Distr	26,732,864	6,208,551	23.2%	2,329,258	8.7%	582,315	2.2%	9.4%
CA	Santa Cruz	Santa Cruz Metropolitan Transit Dist	21,033,582	3,917,145	18.6%	1,376,247	6.5%	344,062	1.6%	8.8%
CA	San Jose	Santa Clara County Transportation Ag	166,980,278	18,702,083	11.2%	6,324,209	3.8%	1,581,052	0.9%	8.5%
CA	Garden Grove	Orange County Transportation Authori	115,859,795	29,544,207	25.5%	9,678,968	8.4%	2,419,742	2.1%	8.2%
CA	Sacramento	Sacramento Regional Transit District	49,766,047	12,812,086	25.7%	3,538,478	7.1%	884,620	1.8%	6.9%
CA	San Diego	San Diego Transit Corporation	54,487,238	23,821,984	43.7%	5,234,654	9.6%	1,308,664	2.4%	5.5%
CA	Los Angeles	Southern California Rapid Transit Di	630,988,797	222,211,294	35.2%	47,063,912	7.5%	11,765,978	1.9%	5.3%

Column K Reports Percent Fares Must Increase to Replace a 25 Percent Reduction in Federal Operating Assistance (Does Not Account for Lost Riders Resulting from Fare Increase)

State	City	Transit System	Total Operating Revenue	Passenger Fares Including Special Fares	Fares as Percent of All Revenue	Federal Operating Assistance	Federal Asst. as Percent of All Revenue	25 Percent Federal Operating Assistance Reduction	25 % Fed. Asst. as Percent of All Revenue	% Fare Increase to Equal Fed. Oper. Asst. Cut
(A)	(Column B)	(Column C)	(Column D)	(Column E)	(Col F)	(Column G)	(Col H)	(Column I)	(Col J)	(Column K)
CA	Oakland	Alameda-Contra Costa Transit Distric	143,687,326	33,927,943	23.6%	4553,976	4.6%	1,638,494	1.1%	4.8%
CA	San Carlos	San Mateo County Transit District	81,144,970	10,665,480	13.1%	1,421,300	1.8%	355,325	0.4%	3.3%
CA	San Francisco	Golden Gate Bridge, Highway & Transp	56,034,023	15,762,264	28.1%	1,540,928	2.7%	385,232	0.7%	2.4%
CA	Los Angeles	Los Angeles County Transportation Co	31,991,687	3,009,665	9.4%	221,996	0.7%	55,499	0.2%	1.8%
CA	Redding	Redding Area Bus Authority	1,338,242	222,386	16.6%	14,859	1.1%	3,715	0.3%	1.7%
CA	Livermore	Livermore/Amador Valley Transit Auth	4,293,538	443,151	10.3%	24,611	0.6%	6,153	0.1%	1.4%
CA	Gardena	Gardena Municipal Bus Lines	6,562,915	1,235,658	18.8%	0	0.0%	0	0.0%	0.0%
CA	Long Beach	Long Beach Transit	31,496,982	9,380,361	29.8%	0	0.0%	0	0.0%	0.0%
CA	West Covina	Foothill Transit	13,029,611	6,198,383	47.6%	0	0.0%	0	0.0%	0.0%
CA	Arcadia	City of Arcadia Dial-A-Ride	1,022,753	94,122	9.2%	0	0.0%	0	0.0%	0.0%
CA	San Diego	San Diego Trolley	18,922,651	13,972,888	73.8%	0	0.0%	0	0.0%	0.0%
CA	Santa Monica	Santa Monica Municipal Bus Lines	14,320,397	6,765,035	47.2%	0	0.0%	0	0.0%	0.0%
CA	Visalia	Visalia City Coach	1,237,053	245,632	19.9%	0	0.0%	0	0.0%	0.0%
CA	Oakland	San Francisco Bay Area Rapid Transit	227,996,739	99,530,168	43.7%	0	0.0%	0	0.0%	0.0%
CA	Montebello	Montebello Municipal Bus Lines	8,837,733	2,763,329	31.3%	0	0.0%	0	0.0%	0.0%
CA	Culver City	Culver City Municipal Bus Lines	4,774,956	1,594,651	33.4%	0	0.0%	0	0.0%	0.0%
CA	Los Angeles	California Department of Transportat	1,362,191	1,362,191	100.0%	0	0.0%	0	0.0%	0.0%
CO	Fort Collins	Transfort	1,759,181	89,500	5.1%	512,850	29.2%	128,213	7.3%	143.3%
CO	Denver	Regional Transportation District	117,338,726	24,628,398	21.0%	6739,187	5.7%	1,684,797	1.4%	6.8%
CT	Danbury	Housatonic Area Regional Transit Dis	2,887,932	386,826	13.4%	547,368	19.0%	136,842	4.7%	35.4%
CT	Wethersfield	Connecticut Department of Transporta	104,483,282	18,044,302	17.3%	8577,776	8.2%	2,144,444	2.1%	11.9%
CT	Bridgeport	Greater Bridgeport Transit District	9,952,844	2,598,385	26.1%	1,111,866	11.2%	277,967	2.8%	10.7%
CT	Norwalk	Norwalk Transit District	3,729,317	891,190	23.9%	161,261	4.3%	40,315	1.1%	4.5%
CT	Hartford	Connecticut Transit--Hartford Divisi	28,390,186	10,597,884	37.3%	600,195	2.1%	150,049	0.5%	1.4%
CT	Hartford	Connecticut Transit--Stamford Divisi	4,302,065	1,454,039	33.8%	0	0.0%	0	0.0%	0.0%
CT	Hartford	Connecticut Transit--New Haven Divis	15,910,373	4,523,325	28.4%	0	0.0%	0	0.0%	0.0%
DC	Washington	Washington Metropolitan Area Transit	666,238,297	293,302,732	44.0%	53449,550	8.0%	13,362,388	2.0%	4.6%
DE	Wilmington	Delaware Administration for Regional	11,171,227	3,276,448	29.3%	1950,000	17.5%	487,500	4.4%	14.9%
DE	Dover	Delaware Transportation Authority	360,407	68,413	19.0%	0	0.0%	0	0.0%	0.0%
FL	Pensacola	Escambia County Transit System	3,330,025	621,930	18.7%	1225,764	36.8%	306,441	9.2%	49.3%
FL	Sarasota	Sarasota County Area Transit	3,227,585	569,679	17.7%	800,000	24.8%	200,000	6.2%	35.1%
FL	Bradenton	Manatee County Area Transit	2,727,640	600,421	22.0%	803,641	29.5%	200,910	7.4%	33.5%

Column K Reports Percent Fares Must Increase to Replace a 25 Percent Reduction in Federal Operating Assistance (Does Not Account for Lost Riders Resulting from Fare Increase)

State	City	Transit System	Total Operating Revenue	Passenger Fares Including Special Fares	Fares as Percent of All Revenue	Federal Operating Assistance	Federal Asst. as Percent of All Revenue	25 Percent Federal Operating Assistance Reduction	25 % Fed. Asst. as Percent of All Revenue	% Fare Increase to Equal Fed. Oper. Asst. Cut
(A)	(Column B)	(Column C)	(Column D)	(Column E)	(Col F)	(Column G)	(Col H)	(Column I)	(Col J)	(Column K)
FL	Fort Lauderdale	Tri-County Commuter Rail Authority	17,472,859	3,435,225	19.7%	4,028,008	23.1%	1,007,002	5.8%	29.3%
FL	West Palm Beach	Palm Beach County Transportation Aut	9,259,760	1,843,487	19.9%	1,713,166	18.5%	428,292	4.6%	23.2%
FL	South Daytona	East Volusia Transportation Authorit	4,000,708	873,392	21.8%	774,828	19.4%	193,707	4.8%	22.2%
FL	Clearwater	Pinellas Suncoast Transit Authority	23,566,692	4,213,421	17.9%	2,997,255	12.7%	749,314	3.2%	17.8%
FL	Orlando	Orange-Seminole-Osceola Transportati	17,467,112	5,117,445	29.3%	2,861,509	16.4%	715,377	4.1%	14.0%
FL	Tallahassee	TALTRAN--City of Tallahassee	6,891,800	1,647,800	23.9%	869,500	12.6%	217,375	3.2%	13.2%
FL	Gainesville	City of Gainesville Regional Transit	4,097,412	1,339,904	32.7%	700,000	17.1%	175,000	4.3%	13.1%
FL	Tampa	Hillsborough Area Regional Transit A	21,247,631	4,282,725	20.2%	2,161,627	10.2%	540,407	2.5%	12.6%
FL	Jacksonville	Jacksonville Transportation Authorit	26,683,276	4,727,181	17.7%	2,022,624	7.6%	505,656	1.9%	10.7%
FL	Pompano Beach	Broward County Division of Mass Tran	42,376,465	10,018,000	23.6%	3,830,488	9.0%	957,622	2.3%	9.6%
FL	Miami	Metro Dade Transit Agency	173,093,519	55,284,411	31.9%	14,733,531	8.5%	3,683,383	2.1%	6.7%
FL	Melbourne	Space Coast Area Transit	5,233,380	2,897,378	55.4%	709,237	13.6%	177,309	3.4%	6.1%
FL	Miami	Comprehensive Paratransit Services	13,308,624	13,308,624	100.0%	0	0.0%	0	0.0%	0.0%
GA	Columbus	Columbus Transit System	2,437,067	690,472	28.3%	992,857	40.7%	248,214	10.2%	35.9%
GA	Albany	Albany Transit System	1,042,094	299,630	28.8%	364,969	35.0%	91,242	8.8%	30.5%
GA	Augusta	Augusta Public Transit	2,584,991	855,276	33.1%	768,532	29.7%	192,133	7.4%	22.5%
GA	Athens	Athens Transit System	1,358,643	493,878	36.4%	422,869	31.1%	105,717	7.8%	21.4%
GA	Savannah	Chatham Area Transit Authority	7,244,010	2,566,912	35.4%	2,077,589	28.7%	519,397	7.2%	20.2%
GA	Marietta	Cobb Community Transit	4,507,707	1,507,636	33.4%	631,482	14.0%	157,871	3.5%	10.5%
GA	Atlanta	Metropolitan Atlanta Rapid Transit A	173,939,762	60,284,093	34.7%	10,544,907	6.1%	2,636,227	1.5%	4.4%
HI	Honolulu	City & County of Honolulu Dept of Tr	95,379,808	20,109,362	21.1%	3,560,535	3.7%	890,134	0.9%	4.4%
HI	Waipahu	Aloha State Tour and Transportation	5,410,874	535,976	9.9%	0	0.0%	0	0.0%	0.0%
IA	Des Moines	Des Moines Metropolitan Transit Auth	7,757,186	1,931,095	24.9%	1,250,526	16.1%	312,632	4.0%	16.2%
IA	Iowa City	Iowa City Transit	2,562,267	653,874	25.5%	301,862	11.8%	75,466	2.9%	11.5%
ID	Pocatello	Pocatello Urban Transit	535,791	46,308	8.6%	240,388	44.9%	60,097	11.2%	129.8%
ID	Boise	Boise Urban Stages	2,334,600	304,466	13.0%	803,130	34.4%	200,783	8.6%	65.9%
IL	Decatur	Decatur Public Transit System	1,775,369	319,736	18.0%	598,413	33.7%	149,603	8.4%	46.8%
IL	Rockford	Rockford Mass Transit District	4,383,353	712,681	16.3%	875,000	20.0%	218,750	5.0%	30.7%
IL	Rock Island	Rock Island County Metropolitan Mass	4,296,923	623,737	14.5%	732,958	17.1%	183,240	4.3%	29.4%
IL	Springfield	Springfield Mass Transit District	4,589,900	587,242	12.8%	672,092	14.6%	168,023	3.7%	28.6%
IL	Peoria	Greater Peoria Mass Transit District	6,403,271	908,632	14.2%	894,697	14.0%	223,674	3.5%	24.6%
IL	Urbana	Champaign Urbana Mass Transit Distri	8,184,571	1,970,061	24.1%	868,800	10.6%	217,200	2.7%	11.0%

FISCAL YEAR 1992 UNOFFICIAL SECTION 15 DATA

American Public Transit Associatin, Marca 16, 1994

Column K Reports Percent Fares Must Increase to Replace a 25 Percent Reduction in Federal Operating Assistance (Does Not Account for Lost Riders Resulting from Fare Increase)

State	City	Transit System	Total Operating Revenue	Passenger Fares Including Special Fares	Fares as Percent of All Revenue	Federal Operating Assistance	Federal Asst. as Percent of All Revenue	25 Percent Federal Operating Assistance Reduction	25 % Fed. Asst. as Percent of All Revenue	% Fare Increase to Equal Fed. Oper. Asst. Cut
(A)	(Column B)	(Column C)	(Column D)	(Column E)	(Col F)	(Column G)	(Col H)	(Column I)	(Col J)	(Column K)
IL	Chicago	Chicago Transit Authority	750,877,562	353,533,868	47.1%	4379,855	5.5%	10,344,964	1.4%	2.9%
IL	Arlington Heigh	PACE Suburban Bus	89,312,185	25,785,692	28.9%	1811,288	3.1%	702,822	0.8%	2.7%
IL	Chicago	METRA	335,995,557	156,815,961	46.7%	1437,565	1.6%	1,359,391	0.4%	0.9%
IL	Chicago	Chicago & Northwestern Transportatio	81,854,558	56,547,539	69.1%	0	0.0%	0	0.0%	0.0%
IL	Chicago	Burlington Northern Railroad Company	27,621,323	27,397,751	99.2%	0	0.0%	0	0.0%	0.0%
IN	Gary	Gary Public Transportation Corporati	5,268,661	1,028,202	19.5%	1000,628	38.0%	500,157	9.5%	48.6%
IN	Bloomington	Bloomington Public Transportation Co	1,625,589	246,319	15.2%	444,992	27.4%	111,248	6.8%	45.2%
IN	Fort Wayne	Fort Wayne Public Transportation Cor	5,571,386	785,185	14.1%	1137,437	20.4%	284,359	5.1%	36.2%
IN	Hammond	Hammond Transit System	926,494	200,695	21.7%	263,059	28.4%	65,765	7.1%	32.8%
IN	South Bend	South Bend Public Transportation Cor	5,630,578	1,015,970	18.0%	1026,574	18.2%	256,644	4.6%	25.3%
IN	Lafayette	Greater Lafayette Public Transportat	3,038,196	708,898	23.3%	636,510	21.0%	159,128	5.2%	22.4%
IN	Indianapolis	Indianapolis Public Transportation C	22,676,478	6,445,074	28.4%	1794,565	16.7%	948,641	4.2%	14.7%
KS	Topeka	Topeka Metropolitan Transit Authorit	2,840,646	523,523	18.4%	990,100	34.9%	247,525	8.7%	47.3%
KS	Olathe	Johnson County Transit	1,932,903	350,119	18.1%	72,535	3.8%	18,134	0.9%	5.2%
KY	Owensboro	Owensboro Transit System	640,128	112,216	17.5%	256,300	40.0%	64,075	10.0%	57.1%
KY	Lexington	Transit Authority of Lexington-Fayet	4,961,491	928,901	18.7%	1872,644	37.7%	468,161	9.4%	50.4%
KY	Louisville	Transit Authority of River City	35,292,341	5,158,965	14.6%	1875,615	11.0%	968,904	2.7%	18.8%
KY	Fort Wright	Transit Authority of Northern Kentuc	8,796,816	2,423,586	27.6%	970,886	11.0%	242,722	2.8%	10.0%
LA	Monroe	Monroe Transit System	1,822,476	399,661	21.9%	655,538	36.0%	163,885	9.0%	41.0%
LA	Shreveport	Shreveport Area Transit System	5,248,519	1,604,906	30.6%	1109,503	21.1%	277,376	5.3%	17.3%
LA	Harahan	Louisiana Transit Company	3,637,707	2,037,145	56.0%	437,037	12.0%	109,259	1.0%	5.4%
LA	New Orleans	Regional Transit Authority of Orlean	82,299,547	34,780,110	42.3%	1639,677	6.9%	1,409,919	1.7%	4.1%
MA	Pittsfield	Berkshire Regional Transit Authority	2,593,376	633,981	24.4%	425,986	16.4%	106,497	4.1%	16.8%
MA	Worcester	Worcester Regional Transit Authority	12,953,133	2,479,908	19.1%	1500,336	11.6%	375,084	2.9%	15.1%
MA	Springfield	Pioneer Valley Transit Authority	17,177,212	3,613,250	21.0%	1993,333	11.6%	498,333	2.9%	13.8%
MA	Brockton	Brockton Area Transit Authority	8,913,153	2,606,442	29.2%	1025,000	11.5%	256,250	2.9%	9.8%
MA	Fitchburg	Montachusett Area Regional Transit	6,230,162	2,391,761	38.4%	460,221	7.4%	115,055	1.8%	4.8%
MA	Boston	Massachusetts Bay Transportation Aut	745,661,490	170,272,616	22.8%	1641,996	2.5%	4,660,499	0.6%	2.7%
MD	Columbia	Columbia Transit System	919,866	145,236	15.8%	365,264	39.7%	91,316	9.9%	62.9%
MD	Baltimore	Mass Transit Administration, Marylan	173,336,849	69,740,897	40.2%	1785,415	5.1%	2,196,354	1.3%	3.1%
MD	BWI Airport	Maryland State Railroad Administrati	27,252,149	13,116,231	48.1%	1316,201	4.8%	329,050	1.2%	2.5%

Column K Reports Percent Fares Must Increase to Replace a 25 Percent Reduction in Federal Operating Assistance (Does Not Account for Lost Riders Resulting from Fare Increase)

State	City	Transit System	Total Operating Revenue	Passenger Fares Including Special Fares	Fares as Percent of All Revenue	Federal Operating Assistance	Federal Asst. as Percent of All Revenue	25 Percent Federal Operating Assistance Reduction	25 % Fed. Asst. as Percent of All Revenue	% Fare Increase to Equal Fed. Oper. Asst. Cut
(A)	(Column B)	(Column C)	(Column D)	(Column E)	(Col F)	(Column G)	(Col H)	(Column I)	(Col J)	(Column K)
MD	Rockville	Montgomery County Ride-On	32,159,427	8,121,981	25.3%	0	0.0%	0	0.0%	0.0%
ME	Portland	Regional Transportation Program	1,417,196	47,244	3.3%	933,651	65.9%	233,413	16.5%	494.1%
ME	Mexico	Western Maine Transportation Service	2,671,444	43,191	1.6%	177,960	6.7%	44,490	1.7%	103.0%
MI	North Muskegon	Muskegon Area Transit System	1,578,741	225,289	14.3%	632,131	40.0%	158,033	10.0%	70.1%
MI	Saginaw	Saginaw Transit System	3,001,084	377,072	12.6%	965,984	32.2%	241,496	8.0%	64.0%
MI	Bay City	Bay Metropolitan Transportation Auth	3,671,128	318,804	8.7%	619,080	16.9%	154,770	4.2%	48.5%
MI	Kalamazoo	City of Kalamazoo Metro Transit Syst	4,337,830	733,806	16.9%	1,102,428	25.4%	275,607	6.4%	37.6%
MI	Grand Rapids	Grand Rapids Area Transit Authority	8,887,041	1,782,758	20.1%	1,994,862	22.4%	498,716	5.6%	28.0%
MI	Battle Creek	Battle Creek Transit	1,766,976	375,384	21.2%	389,359	22.0%	97,340	5.5%	25.9%
MI	Flint	Mass Transportaion Authority	8,263,639	2,259,354	27.3%	2,051,097	24.8%	512,774	6.2%	22.7%
MI	Detroit	Suburban Mobility Authority for Regi	50,680,949	11,074,686	21.9%	8,323,944	16.4%	2,080,986	4.1%	18.8%
MI	Lansing	Capital Area Transportation Authorit	12,164,260	2,048,444	16.8%	1,269,615	10.4%	317,404	2.6%	15.5%
MI	Ann Arbor	Ann Arbor Transportation Authority	12,741,581	2,014,745	15.8%	1,186,076	9.3%	296,519	2.3%	14.7%
MI	Detroit	City of Detroit Department of Transp	128,140,331	31,453,549	24.5%	13,411,869	10.5%	3,352,967	2.6%	10.7%
MN	Saint Cloud	Saint Cloud Metropolitan Transit Com	2,321,499	382,862	16.5%	483,901	20.8%	120,975	5.2%	31.6%
MN	Minneapolis	Metropolitan Transit Commission	118,923,282	40,971,371	34.5%	7,304,302	6.1%	1,826,076	1.5%	4.5%
MN	Duluth	Duluth Transit Authority	7,351,366	2,297,542	31.3%	399,358	5.4%	99,840	1.4%	4.3%
MO	Saint Joseph	Saint Joseph Express	1,172,040	134,329	11.5%	494,877	42.2%	123,719	10.6%	92.1%
MO	Springfield	City Utilities of Springfield, MO	4,103,176	453,764	11.1%	770,718	18.8%	192,680	4.7%	42.5%
MO	Kansas City	Kansas City Area Transportation Auth	38,307,656	8,542,104	22.3%	5,365,198	14.0%	1,341,300	3.5%	15.7%
MO	Saint Louis	Bi-State Development Agency	92,917,557	23,034,011	24.8%	9,936,955	10.7%	2,484,239	2.7%	10.8%
MS	Jackson	Jackson Transit	3,131,808	669,321	21.4%	1,180,706	37.7%	295,177	9.4%	44.1%
NC	Asheville	Asheville Transit Authority	1,895,773	396,243	20.9%	638,765	33.7%	159,691	8.4%	40.3%
NC	Durham	Durham Area Transit Authority	3,729,066	788,005	21.1%	1,234,643	33.1%	308,661	8.3%	39.2%
NC	Chapel Hill	Chapel Hill Transit	4,475,541	1,274,384	28.5%	1,321,670	29.5%	330,418	7.4%	25.9%
NC	Wilmington	Wilmington Transit Authority	1,264,996	401,604	31.7%	416,316	32.9%	104,079	8.2%	25.9%
NC	Winston-Salem	Winston-Salem Transit Authority	4,810,078	1,816,897	37.8%	1,434,493	29.8%	358,623	7.5%	19.7%
NC	Raleigh	City of Raleigh Capital Area Transit	5,473,330	1,466,002	26.8%	819,897	15.0%	204,974	3.7%	14.0%
NC	Charlotte	Charlotte Department of Transportati	17,051,211	5,531,289	32.4%	1,323,910	7.8%	330,978	1.9%	6.0%
ND	Grand Forks	Grand Forks City Bus	1,191,191	189,645	15.9%	478,501	40.2%	119,625	10.0%	63.1%

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Column K Reports Pecent Fares Must Increase to Replace a 25 PercentReduction in Federal Operating Assistance(Does Not Account for Lost Riders Resulting from Fare Increase)

State	City	Transit System	Total Operatng Revenue	Passenger Fares Including Special Fares	Fares as Percent of All Revenue	Federal Operating Assistance	Federal Asst. as Percent of All Revenue	25 Percent Federal Operating Assistance Reduction	25 % Fed. Asst. as Percent of All Revenue	(Fare Increase (Equal Fed.Oper. As. Cut
(A)	(Column B)	(Column C)	(ColumnD)	(Column E)	(Col F)	(Column G)	(Col H)	(Column I)	(Col J)	(Clmn K)
NE	Lincoln	StarTran	4,871,944	912,751	18.7%	1,128,028	23.1%	282,007	5.8%	30.9%
NE	Omaha	Metro Area Transit	13,164,579	4,186,907	31.8%	2,410,060	18.3%	602,515	4.6%	14.4%
NJ	Newark	New Jersey Transit Corporation	873,261,926	479,382,005	54.9%	52,582,077	6.0%	13,145,519	1.5%	2.7%
NJ	Newark	New Jersey Transit Corporation Small	80,771,172	67,623,959	83.7%	135,832	0.2%	33,958	0.0%	0.1%
NJ	New Brunswick	Suburban Transit Corporation	21,177,762	18,552,556	87.6%	0	0.0%	0	0.0%	0.0%
NJ	Lindenwold	Port Authority Transit Corporation	25,001,234	15,076,683	60.3%	0	0.0%	0	0.0%	0.0%
NJ	Leonardo	Academy Lines	16,141,111	13,414,941	83.1%	0	0.0%	0	0.0%	0.0%
NJ	Bergenfield	Rockland Coaches	8,464,779	6,968,028	82.3%	0	0.0%	0	0.0%	0.0%
NJ	Mahwah	Hudson Transit Lines	17,841,893	17,698,491	99.2%	0	0.0%	0	0.0%	0.0%
NM	Albuquerque	Sun Tran of Albuquerque	12,791,996	2,596,281	20.3%	1,639,914	12.8%	409,979	3.2%	15.8%
NV	Reno	Regional Transportation Commission	12,091,309	3,682,441	30.5%	834,054	6.9%	208,514	1.7%	5.7%
NV	Las Vegas	Las Vegas Transit System	8,444,440	8,088,101	95.7%	0	0.0%	0	0.0%	0.0%
NY	Queensbury	Greater Glens Falls Transit System	621,090	101,885	16.3%	242,042	38.7%	60,511	9.7%	59.4%
NY	Carmel	Putnam County Transit	781,599	79,198	10.1%	118,028	15.1%	29,507	3.8%	37.3%
NY	Poughkeepsie	Dutchess County Division of Mass Tra	2,801,664	459,761	16.4%	557,000	19.9%	139,250	5.0%	30.3%
NY	Utica	Utica Transit Authority	3,181,341	1,004,243	31.6%	554,056	17.4%	138,514	4.4%	13.8%
NY	Albany	Capital District Transportation Auth	22,951,461	7,816,623	34.0%	3,403,700	14.8%	850,925	3.7%	10.9%
NY	Syracuse	Centro of Cayuga	661,657	223,853	33.8%	72,000	10.9%	18,000	2.7%	8.0%
NY	Syracuse	CNY Centro	18,339,212	5,538,655	30.2%	1,762,354	9.6%	440,589	2.4%	8.0%
NY	Rochester	Rochester-Genesee Regional Transport	27,964,438	10,433,007	37.3%	3,134,700	11.2%	783,675	2.8%	7.5%
NY	Buffalo	Niagara Frontier Transportation Auth	61,471,263	22,631,872	36.8%	6,092,684	9.9%	1,523,171	2.5%	6.7%
NY	New York	New York City Department of Transpor	264,791,990	103,530,206	39.1%	6,127,799	2.3%	1,531,950	0.6%	1.5%
NY	White Plains	Westchester County Transit System	102,301,052	28,138,443	27.5%	1,662,000	1.6%	415,500	0.4%	1.5%
NY	Jamaica	Long Island Rail Road Company	628,541,196	282,943,625	45.0%	13,499,580	2.1%	3,374,895	0.5%	1.2%
NY	Garden City	Metropolitan Suburban Bus Authority	55,651,249	28,102,971	50.5%	1,290,795	2.3%	322,699	0.6%	1.1%
NY	Brooklyn	New York City Transit Authority	2,833,651,183	1,594,858,229	56.3%	71,118,631	2.5%	17,779,658	0.6%	1.1%
NY	New York	Metro-North Commuter Railroad Compan	462,794,094	231,503,889	50.0%	7,234,557	1.6%	1,808,639	0.4%	0.8%
NY	Bronx	New York Bus Tours	17,721,335	11,286,560	63.7%	0	0.0%	0	0.0%	0.0%
NY	Jamaica	Jamaica Buses	20,581,147	5,419,363	26.3%	0	0.0%	0	0.0%	0.0%
NY	New York	Port Authority of New York and New J	148,931,579	58,797,579	39.5%	0	0.0%	0	0.0%	0.0%
NY	Yonkers	Liberty Lines	43,473,401	27,504,697	63.3%	0	0.0%	0	0.0%	0.0%
NY	Flushing	Queens Surface Corporation	58,562,602	27,707,011	47.3%	0	0.0%	0	0.0%	0.0%

Column K Reports Percent Fares Must Increase to Replace a 25 Percent Reduction in Federal Operating Assistance (Does Not Account for Lost Riders Resulting from Fare Increase)

State	City	Transit System	Total Operating Revenue	Passenger Fares Including Special Fares	Fares as Percent of All Revenue	Federal Operating Assistance	Federal Asst. as Percent of All Revenue	25 Percent Federal Operating Assistance Reduction	25 % Fed. Asst. as Percent of All Revenue	% Fare Increase to Equal Fed. Oper. Asst. Cut
(A)	(Column B)	(Column C)	(Column D)	(Column E)	(Col F)	(Column G)	(Col H)	(Column I)	(Col J)	(Column K)
NY	Staten Island	Staten Island Rapid Transit Operatin	17,944,039	6,271,374	34.9%	0	0.0%	0	0.0%	0.0%
NY	Brooklyn	Command Bus Company	17,087,740	8,080,595	47.3%	0	0.0%	0	0.0%	0.0%
NY	Jackson Heights	Triboro Coach Corporation	34,362,278	16,859,064	49.1%	0	0.0%	0	0.0%	0.0%
NY	Jamaica	Green Bus Lines	44,840,838	18,134,420	40.4%	0	0.0%	0	0.0%	0.0%
OH	Lorain	Lorain County Transit	1,960,811	124,387	6.3%	914,216	46.6%	228,554	11.7%	183.7%
OH	Youngstown	Western Reserve Transit Authority	4,418,512	483,801	10.9%	1,601,348	36.2%	400,337	9.1%	82.7%
OH	Middletown	City of Middletown Transit	568,683	72,859	12.8%	237,367	41.7%	59,342	10.4%	81.4%
OH	Canton	Canton Regional Transit Authority	5,054,653	426,148	8.4%	1,146,738	22.7%	286,685	5.7%	67.3%
OH	Steubenville	Steel Valley Transit Corporation	384,087	80,755	21.0%	150,292	39.1%	37,573	9.8%	46.5%
OH	Akron	Metro Regional Transit Authority	16,196,482	1,954,046	12.1%	2,145,711	13.2%	536,428	3.3%	27.5%
OH	Kent	Campus Bus Service	2,364,258	242,083	10.2%	239,222	10.1%	59,806	2.5%	24.7%
OH	Grand River	LAKETRAN	5,301,180	319,335	6.0%	200,000	3.8%	50,000	0.9%	15.7%
OH	Dayton	Miami Valley Regional Transit Author	36,800,010	5,214,717	14.2%	2,887,726	7.8%	721,932	2.0%	13.8%
OH	Toledo	Toledo Area Regional Transit Authori	18,056,170	4,409,286	24.4%	2,336,928	12.9%	584,232	3.2%	13.3%
OH	Columbus	Central Ohio Transit Authority	44,712,804	11,400,911	25.5%	4,339,693	9.7%	1,084,923	2.4%	9.5%
OH	Cincinnati	Southwest Ohio Regional Transit Auth	50,030,510	11,675,362	23.3%	4,374,003	8.7%	1,093,501	2.2%	9.4%
OH	Cleveland	Greater Cleveland Regional Transit A	162,866,434	39,488,451	24.2%	9,053,015	5.6%	2,263,254	1.4%	5.7%
OK	Oklahoma City	Central Oklahoma Transportation and	9,083,396	1,352,828	14.9%	3,718,318	40.9%	929,580	10.2%	68.7%
OK	Tulsa	Metropolitan Tulsa Transit Authority	8,116,998	1,583,916	19.5%	1,604,610	19.8%	401,153	4.9%	25.3%
OR	Salem*	Salem Area Mass Transit District	5,378,667	765,674	14.2%	839,314	15.6%	209,829	3.9%	27.4%
OR	Portland	Tri-County Metropolitan Transportati	117,149,027	27,089,482	23.1%	5,502,783	4.7%	1,375,696	1.2%	5.1%
PA	Altoona	Altoona Metro Transit	2,065,412	207,316	10.0%	525,375	25.4%	131,344	6.4%	63.4%
PA	York	York County Transportation Authority	1,988,101	509,961	25.7%	739,986	37.2%	184,997	9.3%	36.3%
PA	Greensburg	Westmoreland County Transit Authorit	1,086,755	220,218	20.3%	231,935	21.3%	57,984	5.3%	26.3%
PA	Kingston	Luzerne County Transportation Author	4,580,033	977,629	21.3%	910,235	19.9%	227,559	5.0%	23.3%
PA	Scranton	County of Lackawanna Transit System	4,759,374	956,102	20.1%	790,009	16.6%	197,502	4.1%	20.7%
PA	Johnstown	Cambria County Transit Authority	3,539,371	689,299	19.5%	535,931	15.1%	133,983	3.8%	19.4%
PA	Lancaster	Red Rose Transit Authority	3,337,290	1,353,878	40.6%	990,000	29.7%	247,500	7.4%	18.3%
PA	Harrisburg	Cumberland-Dauphin-Harrisburg Transi	6,074,030	1,779,878	29.3%	1,219,272	20.1%	304,818	5.0%	17.1%
PA	Allentown	Lehigh & Northampton Transportation	9,375,772	4,347,506	46.4%	2,514,133	26.8%	628,533	6.7%	14.5%
PA	Reading	Berks Area Reading Transportation Au	5,958,067	2,282,428	38.3%	1,240,903	20.8%	310,226	5.2%	13.6%
PA	Erie	Erie Metropolitan Transit Authority	5,601,856	2,023,641	36.1%	1,016,800	18.2%	254,200	4.5%	12.6%
PA	Rochester	Beaver County Transit Authority	2,589,909	748,561	28.9%	340,751	13.2%	85,188	3.3%	11.4%

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(A)	(Column B)	(Column C)	(Column D)	(Column E)	(Col F)	(Column G)	(Col H)	(Column I)	(Col J)	(Column K)
PA	State College	Centre Area Transportation Authority	2,852,598	1,112,545	39.0%	439,999	15.4%	110,000	3.9%	9.9%
PA	Pittsburgh	Port Authority of Allegheny County	185,853,185	54,405,082	29.3%	8,709,751	4.7%	2,177,438	1.2%	4.0%
PA	Philadelphia	Southeastern Pennsylvania Transporta	671,960,963	262,717,992	39.1%	27,193,581	4.0%	6,798,395	1.0%	2.6%
PA	Harrisburg	Pennsylvania Department of Transport	2,724,174	2,189,878	80.4%	86,844	3.2%	21,711	0.8%	1.0%
PA	Pittsburgh	Access Transportation Systems	23,157,918	3,257,700	14.1%	0	0.0%	0	0.0%	0.0%
PR	Hato Rey	Metropolitan Bus Authority	37,033,832	4,830,793	13.0%	7,708,026	20.8%	1,927,007	5.2%	39.9%
RI	Providence	Rhode Island Public Transit Authorit	25,171,278	6,201,451	24.6%	6,291,163	25.0%	1,572,791	6.2%	25.4%
SC	Greenville	Greenville Transit Authority	3,023,330	876,304	29.0%	1,265,888	41.9%	316,472	10.5%	36.1%
SC	Charleston	South Carolina Electric & Gas Compan	4,771,671	1,733,296	36.3%	534,131	11.2%	133,533	2.8%	7.7%
SC	Florence	Pee Dee Regional Transportation Auth	2,897,167	2,197,235	75.8%	368,149	12.7%	92,037	3.2%	4.2%
SD	Sioux Falls	City of Sioux Falls Transit System	2,575,769	337,837	13.1%	568,595	22.1%	142,148	5.5%	42.1%
TN	Clarksville	Clarksville Transit System	932,428	184,185	19.8%	348,825	37.4%	87,206	9.4%	47.3%
TN	Knoxville	Knoxville Transportation Authority	5,572,396	1,579,069	28.3%	890,675	16.0%	222,669	4.0%	14.1%
TN	Chattanooga	Chattanooga Area Regional Transporta	6,097,080	2,211,384	36.3%	1,072,292	17.6%	268,073	4.4%	12.1%
TN	Memphis	Memphis Area Transit Authority	22,400,770	8,262,632	36.9%	3,959,483	17.7%	989,871	4.4%	12.0%
TN	Nashville	Metropolitan Transit Authority	12,461,425	5,587,192	44.8%	1,983,165	15.9%	495,791	4.0%	8.9%
TX	Port Arthur	Port Arthur Transit System	1,062,677	174,615	16.4%	444,031	41.8%	111,008	10.4%	63.6%
TX	Waco	Waco Transit System	1,016,656	198,885	19.6%	400,870	39.4%	100,218	9.9%	50.4%
TX	Fort Worth	Fort Worth Transportation Authority	30,094,919	3,282,987	10.9%	5,308,338	17.6%	1,327,085	4.4%	40.4%
TX	Beaumont	Beaumont Transit System	1,822,693	421,118	23.1%	679,561	37.3%	169,890	9.3%	40.3%
TX	Lubbock	Citibus	3,004,102	1,020,852	34.0%	1,187,420	39.5%	296,855	9.9%	29.1%
TX	Austin	Capital Metropolitan Transportation	56,032,727	6,666,410	11.9%	3,026,350	5.4%	756,588	1.4%	11.3%
TX	San Antonio	VIA Metropolitan Transit	63,965,321	13,086,270	20.5%	4,848,115	7.6%	1,212,029	1.9%	9.3%
TX	El Paso	City of El Paso--Mass Transit Depart	26,243,319	6,400,321	24.4%	1,958,148	7.5%	489,537	1.9%	7.6%
TX	Corpus Christi	Corpus Christi Regional Transportati	14,804,794	1,061,981	7.2%	209,920	1.4%	52,480	0.4%	4.9%
TX	Dallas	Dallas Area Rapid Transit	139,227,608	24,296,023	17.5%	271,247	0.2%	67,812	0.0%	0.3%
TX	Houston	Metropolitan Transit Authority of Ha	320,360,055	44,472,197	13.9%	9,655	0.0%	2,414	0.0%	0.0%
TX	Dallas	ATE Management and Service Company	23,261,010	1,981,363	8.5%	0	0.0%	0	0.0%	0.0%
UT	Salt Lake City	Utah Transit Authority	48,674,209	7,948,020	16.3%	4,751,340	9.8%	1,187,835	2.4%	14.9%

FISCAL YEAR 1992 UNOFFICIAL SECTION 15 DATA

American Public Transit Association, March 14, 1994

Column K Reports Percent Fares Must Increase to Replace a 25 Percent Reduction in Federal Operating Assistance (Does Not Account for Lost Riders Resulting from Fare Increase)

State	City	Transit System	Total Operating Revenue	Passenger Fares Including Special Fares	Fares as Percent of All Revenue	Federal Operating Assistance	Federal Asst. as Percent of All Revenue	25 Percent Federal Operating Assistance Reduction	25 % Fed. Asst. as Percent of All Revenue	% Fare Increase to Equal Fd. Oper. Ast. Cut
(A)	(Column B)	(Column C)	(Column D)	(Column E)	(Col F)	(Column G)	(Col H)	(Column I)	(Col J)	(Column K)
VA	Lynchburg	Greater Lynchburg Transit Company	2,569,129	708,302	27.6%	857,30	33.4%	214,342	8.3%	30.3%
VA	Roanoke	Greater Roanoke Transit Company	3,096,597	929,289	30.0%	916,98	29.6%	229,245	7.4%	24.7%
VA	Norfolk	Tidewater Transportation District Co	20,560,586	7,049,185	34.3%	3,148,44	15.3%	787,112	3.8%	11.2%
VA	Hampton	Peninsula Transportation District Co	8,704,364	3,656,142	42.0%	1,363,35	15.7%	340,838	3.9%	9.3%
VA	Richmond	Greater Richmond Transit Company	20,173,253	9,157,101	45.4%	1,916,32	9.5%	479,081	2.4%	5.2%
WA	Yakima	Yakima Transit System	4,248,902	322,678	7.6%	890,00	20.9%	222,500	5.2%	69.0%
WA	Everett	Senior Services of Snohomish County	1,686,014	10,294	0.6%	18,55	1.1%	4,638	0.3%	45.1%
WA	Bellingham	Whatcom Transportation Authority	9,500,407	363,269	3.8%	600,00	6.3%	150,000	1.6%	41.3%
WA	Everett	Everett Transit System	4,996,949	356,994	7.1%	245,48	4.9%	61,372	1.2%	17.2%
WA	Spokane	Spokane Transit Authority	24,082,653	3,913,977	16.3%	1,107,30	4.6%	276,827	1.1%	7.1%
WA	Lynwood	Snohomish County Public Transportati	40,306,609	4,751,976	11.8%	1,306,00	3.2%	326,500	0.8%	6.9%
WA	Seattle	Municipality of Metropolitan Seattle	270,231,129	46,218,852	17.1%	5,399,62	2.0%	1,349,906	0.5%	2.9%
WA	Bremerton	Kitsap Transit	11,201,309	1,396,524	12.5%	43,44	0.4%	10,860	0.1%	0.8%
WA	Olympia	Intercity Transit	11,213,070	1,209,171	10.8%	12,16	0.1%	3,040	0.0%	0.3%
WA	Olympia	Washington State Department of Trans	96,848,733	16,442,277	17.0%	14,56	0.0%	3,642	0.0%	0.0%
WA	Vancouver	Clark County Public Transportation B	17,965,508	1,562,622	8.7%	1	0.0%	0	0.0%	0.0%
WA	Tacoma	Pierce County Public Transportation	37,354,581	5,051,292	13.5%	1	0.0%	0	0.0%	0.0%
WA	Richland	Ben Franklin Transit	9,506,643	885,885	9.3%	1	0.0%	0	0.0%	0.0%
WI	Kenosha	Kenosha Transit	2,374,953	332,295	14.0%	549,88	23.2%	137,471	5.8%	41.4%
WI	La Crosse	La Crosse Municipal Transit Utility	1,750,631	339,021	19.4%	491,26	28.1%	122,815	7.0%	36.2%
WI	Oshkosh	Oshkosh Transit System	2,022,030	349,487	17.3%	463,99	22.9%	115,998	5.7%	33.2%
WI	Milwaukee	Milwaukee County Paratransit System	6,871,181	956,651	13.9%	1,129,88	16.4%	282,471	4.1%	29.5%
WI	Green Bay	Green Bay Transit	3,529,151	787,163	22.3%	818,02	23.2%	204,507	5.8%	26.0%
WI	Waukesha	Waukesha Transit System Utility	1,439,264	221,923	15.4%	185,13	12.9%	46,283	3.2%	20.9%
WI	Madison	Madison Metro Transit System	16,855,956	5,230,753	31.0%	1,243,52	7.4%	310,881	1.8%	5.9%
WI	Milwaukee	Milwaukee County Transit System	77,730,307	29,477,371	37.9%	5,531,10	7.1%	1,382,777	1.8%	4.7%
WV	Parkersburg	Mid-Ohio Valley Transit Authority	892,990	123,678	13.8%	381,80	42.8%	95,451	10.7%	77.2%

TTD POLICY BRIEF

PB NO.1 April 20, 1993

Transit Safety, Service and Standards Fund

REEXAMINE FEDERAL TRANSIT POLICY

The growing demands placed on local transit operators — from mandated drug and alcohol testing to requirements imposed by the Americans with Disabilities Act (ADA) and the Clean Air Act — are making it apparent that current policy on federal operating assistance must be reexamined with an eye toward funding unfunded mandates imposed on the industry.

Current government policy is requiring state and local governments to continually do more with less.

Clearly, since these newly imposed costs have not been offset by increases in federal operating assistance, current government policy is requiring state and local governments to continually *do more with less*. This policy must be changed if America is to accomplish the ambitious transportation infrastructure goals set out by the Clinton Administration.

To address this growing industry concern, it will be necessary to target increases in federal operating assistance for FY94 to fund the extraordinary operational expenses imposed on state and local governments and all federal transit grant recipients. In each case, the new obligations require federal transit grant recipients to devote a substantial amount of additional operating revenues to ensure full compliance. And since operating assistance levels remain well below authorized levels in the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA), these requirements will have to be met at the expense of service enhancements and expansion programs.

In the short-term, operating assistance should be increased above the current $802 million to help fulfill the new federally imposed mandates. Increases in federal funds should be implemented within the authorized limits of the ISTEA legislation and dedicated largely to meeting the costs imposed by the new requirements. This view is shared by employees and the industry, as well as a wide array of constituent groups concerned about the future of public transit services.

TRANSIT SAFETY, SERVICE AND STANDARDS FUND

We are recommending the creation of the "Transit Safety, Service and Standards Fund" for the specific purpose of making federal assistance available to help offset the new costs faced by all transit grant recipients. The appropriated increase between the $802 million and the authorized ceiling of $1.1 billion, however, would be reserved largely to fulfill the requirements imposed by drug and alcohol testing, as well as ADA and clean air standards.

The "Safety" aspect of this grant is designed to specifically address the new drug and alcohol testing requirements which as amplified below will impose costs conservatively estimated at between $20-25 million per year.

The "Service" aspect of the program would be used to support the operational expenses required to implement the new ADA service requirements. Annual estimates by the American Public Transit Association (APTA) and other industry sources place ADA-related costs

at well over $200 million annually. New Jersey Transit, for example, has estimated its costs in this area to exceed $20 million per year.

Finally, the "Standards" portions will address the operational needs for installing and maintaining the equipment required to meet the new standards imposed by the Clean Air Act. These costs have been estimated and documented in excess of $100 million per year.

Using industry projections, the combined annual expenses under these programs will exceed the $230 million differential between the appropriated amount and that permitted under the ISTEA legislation.

BACKGROUND

Historically, since 1981 federal transit investment has been well below authorized levels. Operating assistance in particular has fallen during this period from a peak of over $1 billion annually to just $802 million in FY93. In fact, operating assistance has remained stagnant at that level since at least 1986 despite authorizations permitting increases in excess of $1.1 billion.

New federal mandates have placed a significant federal burden on cash-short state and local governments and federal transit grant recipients.

Over this time, the operating costs required for the maintenance of existing service as well as meeting enhanced service needs and the new federal mandates have placed a significant financial burden on cash-short state and local governments and federal transit grant recipients. This strain has increased dramatically since 1990 with the enactment of the Clean Air Act amendments, the new ADA requirements and the drug and alcohol testing programs which will be finalized later this year.

In 1981, federal assistance was 15 percent of all transit operating revenue; by 1990 the federal share had dropped to under five percent. Federal operating assistance appropriated for urbanized areas declined by 56 percent in constant dollars between 1980 and 1992. In contrast, between 1980 and 1990, fares increased by 32 percent in constant dollars and state and local operating aid increased by 69 percent in real terms.

Past efforts to secure increases in federal operating assistance have failed to overcome pressures raised within the Appropriations and other committees to contain those funding levels in the face of the increasing federal deficit, the fast payout schedule for operating assistance, and competition from the ever present capital needs programs. Now, however, given the new federal obligations placed on transit grant recipients there is an absolute need to provide for an increase in funding.

TRANSIT SAFETY DRUG AND ALCOHOL TESTING

Drug and alcohol testing regulations issued on December 14, 1992, are expected to be finalized later this year. These regulations will require all federal transit grant recipients to perform a comprehensive range of mandatory drug and alcohol testing upon covered employees including random, reasonable suspicion, post-accident, return-to-work and follow-up testing. The requirements are expected to include mandatory random testing components which may approach 50 percent of the work force on an annual basis.

Other requirements in the regulations command every transit grant recipient to contract for the services of a substance abuse professional, medical review officer and to otherwise purchase the necessary drug and alcohol testing equipment to perform the tests. In addition, the responsibilities for education, training and rehabilitation for employees testing positive will contribute to operational costs as this program is implemented.

Conservative estimates indicate that the cost of this new program will range from $20-25 million. This figure is based on the universe of some 200,000 affected employees. Subjecting

up to 50 percent of these employees to both random drug and alcohol testing, at a minimum of once a year, would cost at least $15 million annually.

In this regard, various estimates indicate that the combined alcohol and drug tests are expected to cost between $100 and $150 for each series of tests. This base cost combined with the additional expenses involving personnel education, training and rehabilitation programs will easily bring the annual figure to $25 million. The goals and objectives of this program will therefore be difficult to fulfill unless the necessary resources are provided.

Conservative estimates indicate that the cost of this new program will range from $20-25 million.

TRANSIT SERVICE ADA ACT REQUIREMENTS

With the enactment of the ADA in 1990, Congress sought to make all public facilities, including mass transit services, accessible to disabled and elderly Americans, many of whom otherwise have no legitimate means of transportation. This landmark legislation was a public policy decision recognizing the dire needs of the disabled and elderly. But with this recognition came a new unfunded federal mandate, the cost of which is to be born by public transportation providers nationwide unless the Transit Safety, Service and Standards Fund is created.

The mandatory lift equipment and paratransit service requirements included in the ADA will not only require the purchase of new capital equipment, but the use of additional drivers and maintenance employees to ensure that the expected service operations for the disabled are provided. The figures compiled by APTA indicate that these operational expenses will be in excess of $200 million per year.

The industry has further noted a growing trend among health and human service agencies discontinuing their transportation services for their clients and essentially "dumping" them on the local public transit system that is required to provide service under the ADA. This practice, too, adds a tremendous financial burden on systems already facing challenging financial struggles.

TRANSIT STANDARDS CLEAN AIR ACT REQUIREMENTS

The unfunded Clean Air Act mandates now in place compel every federal transit grant recipient to purchase the necessary vehicles and other equipment to reduce bus emissions and enable the transit authority to otherwise comply with the Act's requirements. The annual costs to install exhaust cleaners and upgrade fuel standards is $110 million. Additional diesel fuel costs alone are estimated to be almost $57 million annually.

FINAL OBSERVATIONS

Transit advocates have presented significant testimony before both the House and Senate Appropriations Committees justifying the need to fully fund the mass transit component of the ISTEA. It is beyond question that both the capital and operating needs of the industry cannot be met unless funding reaches that level.

As the Congress and the Administration focus on these issues, we believe that a compelling case exists to justify that the increases agreed upon for the Section 9 Program include a targeted increase in operating assistance to meet the new Transit Safety, Service and Standards requirements.

Transportation labor looks forward to working with the Appropriations Committees and the Department of Transportation to discuss ways in which this funding increase can be achieved as part of a balanced Section 9 program.

For more information contact the Transportation Trades Department, 400 North Capitol Street, N. W., Suite 861, Washington, D. C. 20001. (202) 628-9262.

United States Senate

COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS
WASHINGTON, DC 20510-6075

December 10, 1993

President Bill Clinton
The White House
Washington, D.C.

Dear Mr. President:

As Chairman of the Senate Subcommittee on Housing and Urban Affairs, I am writing to urge you to provide the maximum possible resources for the Department of Housing and Urban Development (HUD) in the 1995 Budget. Our nation's housing and community development programs desperately require more funding and now is a crucial time to make this investment.

The acute social problems in too many of this country's communities are exacerbated by the condition of the housing stock. The distressed public housing project at a community's edge or the vacant single-family house in the middle of the block erode surrounding property values and accelerate flight from the neighborhood. Poorly maintained properties often serve as breeding grounds for social pathologies. The success of your goals of increasing self-sufficiency through welfare reform and community service, reducing crime through community policing, and revitalizing cities through new lending initiatives and empowerment zones will also hinge upon our ability to stabilize neighborhoods through HUD's programs.

Decent and affordable housing is one of our nation's greatest unmet needs. Millions of Americans pay more than half of their incomes for rent and utilities in often substandard housing. More than 600,000 individuals are homeless on any given night; many poor homeowners live in substandard houses; and working families generally find it difficult to meet the burdens of high housing costs.

It is not coincidental that these problems worsened during the 1980's. HUD's resources have declined by 26 percent in real terms from 1980 to 1992. Moreover, HUD has been forced to devote an increasing share of its resources to maintaining existing projects, rather than addressing outstanding needs.

The silver lining to the dark clouds of the 1980's is that -- despite the intransigence of the two previous Administrations -- some very positive changes have occurred in housing policy. In the Congress, we were able to resist the more harmful policy proposals of previous Administrations and enact several pieces of landmark legislation. Most notable of these were the McKinney Homeless Assistance Act of 1987, the National Affordable Housing Act of 1990, and the

Housing and Community Development Act of 1992. With enactment and implementation of these three pieces of legislation, HUD has the statutory framework through which to address housing needs.

Another important development in housing over the 1980's is the growth of new housing providers. Many state and local governments have developed housing programs of their own. Outside the government sector, the number of nonprofit entities engaged in housing has grown significantly. The capacity of the system has been growing; many of the housing programs are structured to use the federal dollars to bring forth other public and private resources. What is needed are adequate resources.

The case for acting now is compelling. First and foremost are the desperate needs of many of our nation's communities. We cannot allow the downward spiral in our cities to continue. Second, the economic benefits from an increased commitment to community development are substantial. The rehabilitation and construction industries create good jobs for both skilled and unskilled workers. Third, the low interest rate environment makes this a good time to acquire properties or subsidize units at inexpensive prices. Fourth, the existing housing stock -- public housing and HUD-assisted housing -- is aging and deteriorating. This stock needs to be upgraded or it will be lost altogether and thereby exacerbate the housing problems.

Finally, and most importantly, the team you have put in place at HUD is very impressive. Secretary Cisneros is providing outstanding leadership and has markedly enhanced HUD's role as a partner with state and local governments and the private sector -- both nonprofit and for profit -- in the housing field. HUD is on the move, but it must have the resources to do the job. I believe a budget commitment to HUD's programs will be translated into real accomplishments at the neighborhood level and I urge you to provide the maximum possible support.

Sincerely,

Paul Sarbanes

Paul S. Sarbanes
U.S. Senate

THE WHITE HOUSE ... 2:45

WASHINGTON

January 5, 1994

Dear Mr. Chairman:

Thank you very much for your letter urging the maximum possible resources in the fiscal year 1995 budget for our nation's housing and community development programs.

I support and commend your determined efforts to improve urban areas and fulfill the national housing goals of a "decent home and suitable living environment for every American family." I also appreciate knowing of your keen interest in the 1995 budget for the Department of Housing and Urban Development (HUD).

As you know, the extremely tight budget caps enacted this year as part of the Reconciliation bill are forcing an exhaustive review of HUD's programs and the programs of all federal agencies. To meet these caps and fund critical new investments, we must make cuts or significant reforms in specific current programs. We are exploring a wide array of reform options to minimize any adverse impacts on poor and economically distressed communities. Let me assure you that Secretary Cisneros and I are doing all that we can to support housing and community development within this budget and in the context of the goals the Secretary has laid out for HUD.

In addition to funding specific programs, we must continue to seek ways in which to better manage our federal resources and deliver programs more effectively and efficiently. I appreciate the assistance you have provided in moving on HUD's 1993 legislative proposals, particularly the critical reforms for improving HUD's management and the disposition of its multi-family property inventory.

I thank you again for the benefit of your insights into the needs of our nation's housing and community development programs. I look forward to continuing to work with you on these vitally important issues.

Sincerely,

The Honorable Paul S. Sarbanes
Chairman
Subcommittee on Housing
and Urban Affairs
Committee on Banking, Housing
and Urban Affairs
United States Senate
Washington, D.C. 20510

United States Senate

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS
WASHINGTON, DC 20510-6075

December 20, 1993

Gordon Linton, Administrator
Department of Transportation
Federal Transit Administration
400 7th Street, S.W., Room 9316
Washington, D.C. 20590

Dear Mr. Linton:

I am writing to support the policy changes reflected in the "Notice of Proposed Recision" (Notice) issued by your agency on 11/19/93. The FTA has properly removed itself from what should be a local decision free from federal controls and mandates.

The new direction set forth in the Notice corrects the policy of the previous Administration's of privatization at any cost, and reflects a more rational emphasis on local decision making and flexibility as set forth in ISTEA. The new policy wisely reduces burdensome paperwork and other requirements, while sustaining the option for private enterprise participation if it is in accordance with community needs and plans.

The Act and prior congressional directives have emphasized that the criteria and policies for choosing among public and private providers should be left to local transit agencies and community officials and that the proper role for the federal government should be one of neutrality. The Notice clearly embraces these goals.

Let me again express my strong support for the new direction announced in the Notice. I look forward to continuing to work closely with the FTA to strengthen our commitment to transit service in the Nation.

Sincerely,

Paul Sarbanes

Paul S. Sarbanes
Chairman

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